

<i>SERFF Tracking Number:</i>	<i>ALSX-125776613</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Allstate Indemnity Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>R20325</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule and Rate Filing/R20325</i>		

Filing at a Glance

Company: Allstate Indemnity Company	SERFF Tr Num: ALSX-125776613	State: Arkansas
Product Name: Private Passenger Auto	SERFF Status: Closed	State Tr Num: EFT \$100
TOI: 19.0 Personal Auto	Co Tr Num: R20325	State Status: Fees verified and received
Sub-TOI: 19.0001 Private Passenger Auto (PPA)	Co Status:	Reviewer(s): Alexa Grissom, Betty Montesi
Filing Type: Rate/Rule	Author: SPI AllState	Disposition Date: 09/25/2008
	Date Submitted: 08/14/2008	Disposition Status: Filed
Effective Date Requested (New): 10/06/2008		Effective Date (New): 12/08/2008
Effective Date Requested (Renewal): 11/20/2008		Effective Date (Renewal): 01/22/2009

State Filing Description:

General Information

Project Name: Rule and Rate Filing	Status of Filing in Domicile:
Project Number: R20325	Domicile Status Comments:
Reference Organization: Not applicable	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 09/25/2008	
State Status Changed: 08/21/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	
Revision of Insurance Scoring Rating Procedures	

The attached filing revises the credit-based Insurance Scoring rating procedures currently used in Allstate Indemnity Company for Arkansas Private Passenger Automobile business. For new business written on and after October 6, 2008 and renewals effective on and after November 20, 2008, a new credit-scoring model (entitled ISM 7) will be utilized. This model computes an Insurance Score based on information contained in a credit report. An overview of the ISM 7

SERFF Tracking Number:	ALSX-125776613	State:	Arkansas
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Product Name:	Private Passenger Auto		
Project Name/Number:	Rule and Rate Filing/R20325		

model has been included as a privileged and confidential attachment.

Rating Group cut-off scores and No-Hit scores are being updated to reflect the use of this new model. Also with this filing, there will be a one-time reorder of credit reports at renewal for all policies written prior to October 6, 2008. There is currently a group of policyholders who were written into Allstate Indemnity Company prior to 10/15/2000, the date when credit report information was first used as a rating variable. The Claim Risk Plan, which utilizes this credit report information, did not apply to this segment of policies. Instead of assigning a Claim Risk Plan level which also incorporates the existence of prior insurance, these policies were eligible for a separate Prior Insurance Discount. Since all policies will have credit reordered with this ISM 7 implementation and be assigned to a Claim Risk Plan level, all Prior Insurance Discount factors will be set to 1.00 to acknowledge that this characteristic is already accounted for in the Claim Risk Plan rating factors. The Insurance Score Group for the appeals process has also been updated to reflect the neutral group in this new model. For further details, please see Rule 53 in the attached manual pages. We are estimating an overall rate level change of 0.0% with the corresponding base rate offset made.

In addition, the Claim Risk Plan factor will no longer be affected by Number of Eligible Incidents to comply with Arkansas Code Ann. 23-79-152. This information will still be used to place business into our existing 15 Claim Risk Plan Levels, but it will not affect an insured's rate. For example, Levels 1-4 will all receive the same Claim Risk Plan rating factor. Please see Exhibit A for the current and proposed Claim Risk Plan factors.

We are targeting an effective date of October 6, 2008, for new business written, and renewals effective on or after November 20, 2008.

Company and Contact

Filing Contact Information

Carrie Deppe, Assistant State Filings Manager cdepp@allstate.com
2775 Sanders Road (847) 402-2774 [Phone]
Northbrook, IL 60062 (847) 402-9757[FAX]

Filing Company Information

Allstate Indemnity Company	CoCode: 19240	State of Domicile: Illinois
2775 Sanders Road	Group Code: 8	Company Type:
Suite A5		

<i>SERFF Tracking Number:</i>	<i>ALSX-125776613</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule and Rate Filing/R20325</i>		

Northbrook, IL 60062
(847) 402-5000 ext. [Phone]

Group Name: Allstate
FEIN Number: 36-6115679

State ID Number:

<i>SERFF Tracking Number:</i>	<i>ALSX-125776613</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Allstate Indemnity Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
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<i>Project Name/Number:</i>	<i>Rule and Rate Filing/R20325</i>		

Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	Independent rate/rule filing
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Allstate Indemnity Company	\$100.00	08/14/2008	21946623

SERFF Tracking Number:	ALSX-125776613	State:	Arkansas
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TOI:	19.0 Personal Auto	Sub-TOI:	19.0001 Private Passenger Auto (PPA)
Product Name:	Private Passenger Auto		
Project Name/Number:	Rule and Rate Filing/R20325		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	09/25/2008	09/25/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Alexa Grissom	09/02/2008	09/02/2008	SPI AllState	09/22/2008	09/22/2008
Pending Industry Response	Alexa Grissom	08/21/2008	08/21/2008	SPI AllState	08/29/2008	08/29/2008

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Effective dates revision	Note To Reviewer	SPI AllState	10/02/2008	10/02/2008

<i>SERFF Tracking Number:</i>	<i>ALSX-125776613</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Allstate Indemnity Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
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<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule and Rate Filing/R20325</i>		

Disposition

Disposition Date: 09/25/2008

Effective Date (New): 12/08/2008

Effective Date (Renewal): 01/22/2009

- Effective Date (New) changed from 10/06/2008 to 12/08/2008 and Effective Date (Renewal) changed from 11/20/2008 to 01/22/2009 by Grissom, Alexa on 10/06/2008.

Status: Filed

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Allstate Indemnity Company	0.000%	\$0	1,893	\$3,353,530	%	%	%

SERFF Tracking Number:	ALSX-125776613	State:	Arkansas
Filing Company:	Allstate Indemnity Company	State Tracking Number:	EFT \$100
Company Tracking Number:	R20325		
TOI:	19.0 Personal Auto	Sub-TOI:	19.0001 Private Passenger Auto (PPA)
Product Name:	Private Passenger Auto		
Project Name/Number:	Rule and Rate Filing/R20325		

Item Type	Item Name	Item Status	Public Access
Supporting Document	A-1 Private Passenger Auto Abstract	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	ISM7 Model	Filed	No
Supporting Document	ResponseToDOIObjection01	Filed	Yes
Supporting Document	September 2 Objection Response	Filed	Yes
Rate	Checking List R20325	Filed	Yes
Rate	Manual R20325	Filed	Yes

SERFF Tracking Number: ALSX-125776613 State: Arkansas
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100
Company Tracking Number: R20325
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Product Name: Private Passenger Auto
Project Name/Number: Rule and Rate Filing/R20325

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 09/02/2008

Submitted Date 09/02/2008

Respond By Date

Dear Carrie Deppe,

This will acknowledge receipt of the captioned filing. Your response has been reviewed by our Director. He advises that Arkansas data should be presented or you must advise why it is not credible.

Please feel free to contact me if you have questions.

Sincerely,

Alexa Grissom

Response Letter

Response Letter Status Submitted to State

Response Letter Date 09/22/2008

Submitted Date 09/22/2008

Dear Alexa Grissom,

Comments:

In response to the September 2 objection

Response 1

Comments: Please review the attached material.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: September 2 Objection Response

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

SERFF Tracking Number: *ALSX-125776613* *State:* *Arkansas*
Filing Company: *Allstate Indemnity Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *R20325*
TOI: *19.0 Personal Auto* *Sub-TOI:* *19.0001 Private Passenger Auto (PPA)*
Product Name: *Private Passenger Auto*
Project Name/Number: *Rule and Rate Filing/R20325*

Please contact Chris Ewing at 847-402-7309 or chris.ewing@allstate.com if you have further questions or need additional information.

Sincerely,
SPI AllState

SERFF Tracking Number: ALSX-125776613 State: Arkansas
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100
Company Tracking Number: R20325
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Product Name: Private Passenger Auto
Project Name/Number: Rule and Rate Filing/R20325

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 08/21/2008
Submitted Date 08/21/2008
Respond By Date
Dear Carrie Deppe,

This will acknowledge receipt of the captioned filing. In reference to Page 5 of the model, please explain what constitutes a derogatory record. Is it more than one record from one reporting entity or can it be from more than one report? Please explain how the amount currently past due pertains to the evaluation of the risk. How do you define past due apart from the actual creditor's decision an account is past due? Is this not sufficiently covered by the several derogatory and past due account elements? On Page 6: Number of open revolving grdes >75% - please review the narrative which mentions a ratio of high credit used to current balance in one place then mentions balance to high credit available in both the title and the end of the narrative. Please clarify and advise why it is important.

Please advise how this model differs from the current model. Please refer to Ark. Code Ann. 23-67-209(a) and provide Arkansas data for the last five years.

Please feel free to contact me if you have questions.
Sincerely,
Alexa Grissom

Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/29/2008
Submitted Date 08/29/2008

Dear Alexa Grissom,

Comments:

Hi Alexa,

Please see our attached response.

Response 1

SERFF Tracking Number: ALSX-125776613

State: Arkansas

Filing Company: Allstate Indemnity Company

State Tracking Number: EFT \$100

Company Tracking Number: R20325

TOI: 19.0 Personal Auto

Sub-TOI: 19.0001 Private Passenger Auto (PPA)

Product Name: Private Passenger Auto

Project Name/Number: Rule and Rate Filing/R20325

Comments: Please see our attached response.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: ResponseToDOIObjection01

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Carrie Deppe

Sincerely,

SPI AllState

<i>SERFF Tracking Number:</i>	<i>ALSX-125776613</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Project Name/Number:</i>	<i>Rule and Rate Filing/R20325</i>		

Note To Reviewer

Created By:

SPI AllState on 10/02/2008 01:44 PM

Subject:

Effective dates revision

Comments:

Since the approval of this filing our new business effective date has been revised from October 6, 2008 to December 8, 2008. Our renewal business effective date revised from November 20, 2008 to January 22, 2008. We seek a favorable decision of approval for these newly revised effective dates.

I apologize for any inconvenience.

Chris Ewing

<i>SERFF Tracking Number:</i>	<i>ALSX-125776613</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Allstate Indemnity Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
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<i>Project Name/Number:</i>	<i>Rule and Rate Filing/R20325</i>		

Rate Information

Rate data applies to filing.

Filing Method:	File and Use
Rate Change Type:	Neutral
Overall Percentage of Last Rate Revision:	0.000%
Effective Date of Last Rate Revision:	08/11/2008
Filing Method of Last Filing:	File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Allstate Indemnity Company	%	0.000%	\$0	1,893	\$3,353,530	%	%

<i>SERFF Tracking Number:</i>	<i>ALSX-125776613</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Allstate Indemnity Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
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<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule and Rate Filing/R20325</i>		

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Checking List R20325	R20325	New	R20325.PDF
Filed	Manual R20325	R20325	Replacement	ALSX-125741654 R20325.PDF

CHECKING LIST FOR PRIVATE PASSENGER AUTO

Printing dates are shown on each page to facilitate identification of different editions, but have no direct connection with the effective date of the page.

RULES

Enclosed: Page 17 dated 10-1-2008
Page 19 dated 10-1-2008
Page 22 through 25 dated 10-1-2008

Withdrawn: Page 17 dated 7-1-1993
Page 19 dated 7-1-1993
Page 22 dated 11-4-2004
Page 23 dated 11-4-2004
Page 24 and 25 dated 1-1-2008

PREMIUM SECTION

Enclosed: Page 1 through 3 dated 10-1-2008
Page 5 and 6 dated 10-1-2008
Page 9 and 10 dated 10-1-2008

Withdrawn: Page 1 dated 6-1-2002
Page 2 dated 7-2-2001
Page 3 dated 4-7-1997
Page 5 dated 6-1-2002
Page 6 dated 6-1-2000
Page 9 dated 7-1-2001
Page 10 dated 6-1-2000

RULE 28 - RESIDENT STUDENT DISCOUNT - COVERAGES AA, BB & DD

Coverages Bodily Injury, Property Damage, and Collision rates otherwise applicable to an automobile classified R1-Restricted or GR1-Restricted shall be reduced by the applicable discount shown on the rating pages if all single males under age 21 who operate the automobile classified as R1-Restricted and all single females under age 21 who operate the automobile classified as GR1-Restricted are students residing at schools, colleges or other educational institutions located more than 100 road miles from the place of principal garaging of the automobile.

RULE 29 - RESERVED

RULE 30 - RESERVED

RULE 31 - OTHER PHYSICAL DAMAGE COVERAGES

This rule applies to the physical damage coverages other than the Collision and Comprehensive Coverages. The appropriate limits and associated premiums are shown on the rating pages for each coverage. All premiums are on a per vehicle basis. Refer to the policy for detailed descriptions of each coverage.

A. **Coverage JJ - Towing and Labor Costs**

This coverage is written on a per item basis. This coverage can be written on Private Passenger Automobiles, Utility Automobiles and Customized, Modified or Restored Automobiles.

B. **Coverage UU - Rental Reimbursement**

This coverage may only be written when Collision or Comprehensive coverage is included on the vehicle. This coverage can be written on Private Passenger Automobiles, Utility Automobiles and Customized, Modified or Restored Automobiles.

C. **Coverage ZA - Sound System Coverage**

This coverage may only be written when Comprehensive coverage is included on the vehicle. This coverage can be written on Private Passenger Automobiles, Utility Automobiles and Customized, Modified or Restored Automobiles.

Note:

This coverage should be purchased in excess of the amount provided for under Comprehensive coverage as stated in the Policy.

D. **Coverage ZZ - Tape Coverage**

This coverage may only be written when Comprehensive coverage is included on the vehicle. This coverage can be written on Private Passenger Automobiles, Utility Automobiles and Customized, Modified or Restored Automobiles.

ARKANSAS

PRIVATE PASSENGER AUTO INDEMNITY MANUAL

Note:

It is not necessary to purchase Collision or Comprehensive coverages on the towing vehicle in order to purchase Collision and Comprehensive coverages for Private Passenger Trailers.

RULE 34 - CUSTOMIZED, MODIFIED OR RESTORED VEHICLES

A. **Coverages AA, BB, SS, SU, VC, VM & VW, JJ, UU, ZA & ZZ**

Premiums for these coverages are determined in the same manner as for private passenger automobiles.

B. **Coverages DD & HH**

Refer to the rating pages to determine the rate for coverages DD and HH.

1. Use the latest model year for these vehicles, rather than the model year of the automobile being rated. Between January 1 and September 30 of each calendar year, the latest model year is the same as the current calendar year. From October 1 to December 31 of each calendar year, the latest model year is the current calendar year plus one.
2. The vehicle is rated on a stated amount value by using the original cost new or actual cash value, whichever is greater.

RULE 35 - EXHIBITION AUTOMOBILES

A. **Coverages AA, BB, SS, SU, VC, VM & VW**

Refer to the rating pages to determine the rate for coverages AA, BB, SS, SU, VC, VM & VW.

B. **Coverages DD & HH**

These coverages must be written on an actual cash value basis and are rated as shown on the rating pages. The private passenger classification rule does not apply.

Note:

1. No discounts or surcharges shall be applied.
2. Only the \$250 deductible option is available for exhibition automobiles.

ARKANSAS

PRIVATE PASSENGER AUTO INDEMNITY

RULE 46 – RESERVED

RULE 47 – RESERVED

RULE 48 – RESERVED

RULE 49 – RESERVED

RULE 50 – RESERVED

RULE 51 – RESERVED

RULE 52 – RESERVED

RULE 53 – PRIOR INSURANCE DISCOUNT/CLAIM RISK PLAN - COVERAGES AA, BB, VC, DD & HH

The Prior Insurance Discount/Claim Risk Plan is a combination of a discounted rate for the presence of Prior Insurance and an appropriate rate based on an Insurance Score Group, as defined below. For each policy written on or after 10/6/08, factors will be assigned based upon the criteria below. This rule applies to all Insurable Vehicles except Exhibition Automobiles. Insurable Vehicles are defined in Rule 1 – Definitions.

A. DEFINITIONS

1. A policy is defined to have prior insurance if the applicants can prove that they had liability insurance coverage from another company insuring auto insurance risks for six consecutive months, and that this previous coverage is either still in-force or has expired within 30 days of the date of application of insurance. In addition, newly licensed applicants who qualified for their first license within the 30-day period immediately preceding the effective date of their current Allstate Indemnity Company application are considered to have prior insurance. Applicants returning from another country who can prove that they were insured for liability coverage either immediately prior to leaving the country or while out of the country are considered to have prior insurance. Applicants who previously had sole use of a company car who can provide proof of liability insurance provided by the company are considered to have prior insurance, if the applicant has not owned a personal automobile for more than 30 days immediately preceding the effective date of their current Allstate Indemnity Company application. If a personal automobile was owned for more than a 30 day period, prior insurance consideration is based on the insurance history of the personal automobile, not of the company car. Applicants for whom insurance was not required pursuant to Arkansas's Financial Responsibility Law or under similar law in another state for that portion of the 6 month period that the insured or spouse operated a vehicle under the insurance laws of that state, will be considered to have prior insurance.

ARKANSAS

PRIVATE PASSENGER AUTO INDEMNITY

B. INITIAL RATING DETERMINATION

Each policy will be assigned rating factors based upon the Insurance Score Group of the policy, the presence of Prior Insurance.

The policy will be assigned to an Insurance Score (IS) Group shown in the table below, based on the insurance score assigned when the credit report(s) ordered in connection with the policy were requested.

IS Group	IS Score
1	0-449
2	450-503
3	504+

With respect to credit reports where a credit report cannot be obtained, or where a credit report consists only of inquiries, an Insurance Score of 476 will be assigned.

Prior Insurance Discount/Claim Risk Plan factors will be assigned to each of the following levels

Prior Insurance Exists	Insurance Score Group	Number of Eligible Incidents	Prior Insurance Discount/Claim Risk Plan Level
Yes	1	0	1
Yes	1	1	2
Yes	1	2	3
Yes	1	3+	4
Yes	2	0	5
Yes	2	1	6
Yes	2	2	7
Yes	2	3+	8
Yes	3	0	9
Yes	3	1	10
Yes	3	2	11
Yes	3	3+	12
No	1	N/A	13
No	2	N/A	14
No	3	N/A	15

The appropriate factors corresponding to each specific Prior Insurance Discount/Claim Risk Plan level above can be found on the rating pages.

The policy of any insured whose credit report was ordered by Allstate Indemnity Company for the purpose of tier determination pursuant to this rule on or after 10/6/08 may, at Allstate's sole discretion, be assigned to Insurance Score Group 2 retroactive to the most recent effective date of the policy, if such insured provides proof acceptable to Allstate that his or her credit information has been negatively impacted by any of the following extraordinary circumstances: divorce; death of a spouse or member of the same household; involuntary unemployment; catastrophic medical expense; care of adult dependent; identity theft; long-term injury, illness or disability; care of a dependent grandchild; or domestic violence

C. SUBSEQUENT RATING DETERMINATION

At each renewal, the same factors will continue to apply unless, at renewal, the following applies:

1. Prior to every 2nd renewal effective date following the effective date of the policy for which credit report(s) were most recently ordered to determine the applicable Insurance Score Group and only at the named insured's annual request, a new credit report(s) will be obtained for all applicable insureds on the policy at the time of reorder. The reorder will be done according to the procedure regarding ordering of credit reports that is in effect for Allstate Indemnity Company at the time of the reorder. If an insured requests a reorder, the next automatic reorder will take place prior to the 2nd renewal effective date following the effective date of the policy for which the credit report(s) was most recently ordered to determine the applicable Prior Insurance Discount/Claim Risk Plan level. The applicable Prior Insurance Discount/Claim Risk Plan level will be assigned as of such renewal effective date as follows:
 - a. Using the new credit report(s), determine the new Insurance Score Group (1, 2 or 3) based on the definition of each Insurance Score Group.
 - b. The policy will maintain the prior insurance status and number of eligible incidents as determined at the time of Initial Rating Determination.
 - c. Based on that information, determine the policy's new Prior Insurance Discount/Claim Risk Plan Level.

NOTE. If the named insured requests a credit report reorder(s) less than 45 days prior to the renewal effective date of the policy, the updated Insurance Score Group will be reflected in the Claim Risk Plan Level determination for the next following policy period.

The policy of any insured whose credit report was ordered by Allstate Indemnity Company for the purpose of tier determination pursuant to this rule on or after 10/6/08 may, at Allstate's sole discretion, be assigned to Insurance Score Group 2 retroactive to the most recent effective date of the policy, if such insured provides proof acceptable to Allstate that his or her credit information has been negatively impacted by any of the following extraordinary circumstances: divorce; death of a spouse or member of the same household; involuntary unemployment; catastrophic medical expense; care of adult dependent; identity theft; long-term injury, illness or disability; care of a dependent grandchild; or domestic violence.

ARKANSAS

PRIVATE PASSENGER AUTO INDEMNITY

D. CREDIT REPORT REORDERS

In the event it is necessary to reorder any credit report(s) other than for reasons listed in section C, all credit reports needed to determine the Prior Insurance Discount/Claim Risk Plan Level for the policy will be reordered. The Prior Insurance Discount/Claim Risk Plan Level will be determined as follows:

New credit report(s) will be obtained for all applicable insureds on the policy at the time of the reorder, according to the procedure regarding reordering of credit reports that is in effect for Allstate Indemnity Company at the time of the reorder, and the applicable Prior Insurance Discount/Claim Risk Plan Level will be assigned as follows:

- a. Using the new credit report(s), determine the new Insurance Score Group (1, 2 or 3) based on the definition of each Insurance Score Group.
- b. The policy will maintain the prior insurance status and number of eligible incidents as determined at the time of Initial Rating Determination.
- c. Based on that information, determine the policy's new Prior Insurance Discount/Claim Risk Plan Level.

RULE 54 - RESERVED

**ARKANSAS
VOLUNTARY PRIVATE PASSENGER AUTO
PREMIUM CALCULATION**

ROUND AFTER EACH CALCULATION TO THE NEAREST WHOLE DOLLAR

STEP #		BI	PD	MED (VC)	COLL	COMP
1	TERRITORIAL BASE RATE (P.2)					
2	DRIVER CLASSIFICATION FACTOR (P.3)	x	x	x	x	x
3	SECONDARY CLASSIFICATION FACTOR (P.3)	x	x	x	x	x
4	INCREASED LIMIT FACTOR (P.4)	x	x			
5	MULTI CAR DISCOUNT FACTOR (P.6)	x	x	x	x	
6	MODEL YEAR FACTOR (P.5)				x	x
7	DEDUCTIBLE BY PGS FACTOR (P.5)				x	x
8	EXPERIENCE GROUP RATING FACTOR (EGR PAGES)	x	x	x	x	x
9	RESIDENT STUDENT DISCOUNT FACTOR (P.6)	x	x		x	
10	DRIVING RECORD ADDEND/SUBTRACTIVE (P.7)	+/-	+/-		+/-	
11	INEXP. OPERATOR SURCHARGE ADDEND (P.6)	+	+		+	
12	CERTIFIED RISK SURCHARGE (P.6)	x	x			
13	VEHICLE SURCHARGE FACTOR (P.8)				x	x
14	ACCIDENT PREVENTION COURSE DISCOUNT FACTOR (P.6)	x	x		x	x
15	CAMPER UNIT PREMIUM (P.9)				+	+
16	COLLEGE GRADUATE DISCOUNT FACTOR (P.6)	x	x	x	x	x
17	ANTI-LOCK BRAKE DISCOUNT FACTOR (P.6)	x	x		x	
18	PASSIVE RESTRAINT DISCOUNT FACTOR (P.6)			x		
19	HOMEOWNERSHIP DISCOUNT FACTOR (P.6)	x	x	x	x	x
20	PRIOR INSURANCE DISCOUNT FACTOR OR PRIOR INSURANCE DISCOUNT/CLAIM RISK PLAN FACTOR (P.6)	x	x	x	x	x
21	THE GOOD HANDS PEOPLE® DISCOUNT FACTOR (P.6)	x	x	x	x	x
22	TOTAL COVERAGE PREMIUM					
23	MINIMUM PREMIUM AMOUNT	\$10	\$5	\$2	\$15	\$5
24	LARGER OF 22 OR 23					

ACCIDENTAL DEATH (VM) & INCOME DISABILITY BENEFITS (VW)	VM	VW
25 VM, VW PREMIUM (DIME ROUNDED) (P.9)		
26 PASSIVE RESTRAINT DISCOUNT FACTOR (P.6)	x	x
27 TOTAL VM, VW COVERAGE PREMIUM (DIME ROUNDED)		
28 TOTAL VM & VW PREMIUM (DIME ROUNDED) LINE 27 VM + VW		

UM AND UIM COVERAGES	UM	UIM
29 UM, UIM PREMIUM (DIME ROUNDED) (P.2)		
30 INCREASED LIMIT FACTOR (P.4)	x	x
31 UM-PD RATE (P.4)	+	
32 TOTAL UM, UIM COVERAGE PREMIUM (DIME ROUNDED)		
33 TOTAL UM/UIM PREMIUM (DIME ROUNDED) LINE 32 UM + UIM		

34 TOWING RATE (JJ) (DIME ROUNDED) (P.9)	
35 RENTAL REIMBURSE. RATE (UU) (DIME ROUNDED) (P.9)	+
36 SOUND SYSTEMS RATE (ZA) (P.9)	+
37 TAPE RATE (ZZ) (DIME ROUNDED) (P.9)	+
38 CUSTOMIZED, MODIFIED, RESTORED AUTOS RATE (P.10, LINE 33)	+
39 EXHIBITION AUTOMOBILE RATE (P.11, LINE 18)	+
40 PRIVATE PASSENGER TRAILER RATE (P.12, LINE 10)	+
41 NON-OWNED AUTOMOBILES RATE (P.13, LINE 9)	+
42 TOTAL MISCELLANEOUS COVERAGES (LINES 34 TO 41)	

TOTAL SEMI-ANNUAL PREMIUM =	
43 LINES 24 (BI + PD + VC + COLL + COMP) + 28 + 33 + 42	

NOTES	
TERRITORY #	_____
PGS	_____
MODEL YEAR	_____
CLASS	_____
TABLE #	_____
MULTI	Y / N
1ST CAR OR ADD'L CAR	_____
<p style="text-align: center;">FOR NEW BUSINESS ONLY, ADD A \$30 POLICY FEE.</p>	

ALLSTATE INDEMNITY COMPANY

ARKANSAS
VOLUNTARY PRIVATE PASSENGER AUTO
SEMI-ANNUAL TERRITORIAL BASE RATES

RATING TERRITORY	BI COVERAGE \$25/50	PD COVERAGE \$25,000	MEDICAL & HOSPITAL BENEFITS (VC) COVERAGE \$5,000	COLL COVERAGE \$250 DED.	COMP COVERAGE \$250 DED.	UM - BI COVERAGE \$25/50		UIM-BI COVERAGE \$25/50	
						1st Car	Each Add'l Car	1st Car	Each Add'l Car
30	\$109.9	\$164.0	\$54.5	\$149.0	\$27.0	\$22.7	\$22.0	\$5.3	\$5.2
31	109.9	164.0	54.5	149.0	27.0	22.7	22.0	5.3	5.2
32	97.2	136.4	64.9	143.1	23.4	22.7	22.0	5.3	5.2
35	128.2	180.3	51.7	138.7	19.3	22.7	22.0	5.3	5.2
36	109.9	164.0	54.5	149.0	27.0	22.7	22.0	5.3	5.2
37	95.4	151.0	49.4	138.7	29.8	22.7	22.0	5.3	5.2
40	191.5	196.3	86.7	166.4	26.0	22.7	22.0	5.3	5.2
41	104.2	157.4	51.8	157.7	35.4	22.7	22.0	5.3	5.2

**ARKANSAS
VOLUNTARY PRIVATE PASSENGER AUTO
DRIVER CLASSIFICATION FACTORS
(RULE 11)**

CLASS	BI COVERAGE (AA)	PD COVERAGE (BB)	MED COVERAGE (VC)	COLL COVERAGE (DD)	COMP COVERAGE (HH)
B1-BASIC MALE 1 (16-20)	2.75	2.75	1.70	3.25	2.60
B2-BASIC MALE 2 (21-24)	1.75	1.75	1.30	2.40	2.10
R1-RESTRICTED MALE 1 (16-20)	2.30	2.30	1.55	2.40	1.45
R2-RESTRICTED MALE 2 (21-24)	1.35	1.35	1.25	1.80	1.35
S1-SINGLE MALE 1 (25-29)	1.30	1.30	1.20	1.70	1.80
S2-SINGLE MALE 2 (30-49)	1.20	1.20	1.15	1.20	1.20
GB1-BASIC FEMALE 1 (16-20)	1.85	1.85	1.70	2.30	1.30
GB2-BASIC FEMALE 2 (21-24)	1.35	1.35	1.30	1.60	1.25
GR1-RESTRICTED FEMALE (16-20)	1.60	1.60	1.45	1.65	1.10
GR2-RESTRICTED FEMALE (21-24)	1.35	1.35	1.20	1.20	1.05
GS1-SINGLE FEMALE 1 (25-29)	1.15	1.15	1.25	1.20	1.20
GS2-SINGLE FEMALE 2 (30-49)	1.15	1.15	1.20	1.15	1.15
M1-MARRIED MALE 1 (16-20)	1.70	1.70	1.30	2.40	2.10
M2-MARRIED MALE 2 (21-24)	1.15	1.15	1.10	1.25	1.25
ADULT					
BUSINESS	1.15	1.15	1.05	1.15	1.10
WORK (0 - 3 MILES)	1.00	1.00	1.00	1.00	1.00
WORK (4 - 9 MILES)	1.00	1.00	1.00	1.00	1.00
WORK (10 - 20 MILES)	1.00	1.00	1.00	1.00	1.00
WORK (20+ MILES)	1.00	1.00	1.00	1.00	1.00
PLEASURE	1.00	1.00	1.00	1.00	1.00
SENIOR ADULT					
BUSINESS	1.15	1.15	1.05	1.15	1.10
WORK (0 - 3 MILES)	1.00	1.00	1.00	1.00	1.00
WORK (4 - 9 MILES)	1.00	1.00	1.00	1.00	1.00
WORK (10 - 20 MILES)	1.00	1.00	1.00	1.00	1.00
WORK (20+ MILES)	1.00	1.00	1.00	1.00	1.00
PLEASURE	1.00	1.00	1.00	1.00	1.00
SECONDARY CLASSIFICATION FACTORS					
CLASS	BI	PD	MED	COLL	COMP
MA1 (AGE 50-70)	1.00	1.00	1.00	1.00	0.95
MA2 (AGE 71-75)	1.20	1.20	0.90	1.05	0.80
MA3 (AGE 76-80)	1.30	1.30	0.85	1.10	0.75
MA4 (AGE 81+)	1.40	1.40	0.75	1.20	0.70
ALL OTHERS	1.00	1.00	1.00	1.00	1.00

ALLSTATE INDEMNITY COMPANY

ARKANSAS VOLUNTARY PRIVATE PASSENGER AUTO PHYSICAL DAMAGE RATING FACTORS

COLLISION AND COMPREHENSIVE MODEL YEAR FACTORS RULE 21	
MODEL YEAR	FACTOR
2001	2.08
2000	1.98
1999	1.89
1998	1.80
1997	1.71
1996	1.63
1995	1.55
1994	1.48
1993	1.41
1992	1.34
1991	1.28
1990	1.22
& PRIOR	

DEDUCTIBLE BY PGS FACTOR RULES 19 AND 20 COLLISION Applies to Model Years 2002 and prior					
PGS	DEDUCTIBLE				
	\$200	\$250	\$500	\$1,000	
G,I,K,M	0.75	0.71	0.54	0.34	
O	0.91	0.87	0.71	0.51	
S	1.03	1.00	0.85	0.64	
T	1.18	1.15	0.99	0.73	
Z	1.18	1.15	0.99	0.73	
U	1.33	1.29	1.12	0.89	
V	1.49	1.44	1.25	1.01	
X	1.49	1.44	1.25	1.01	
W	1.68	1.63	1.43	1.16	
Y	1.88	1.84	1.60	1.32	
A	2.19	2.14	1.93	1.63	
B	2.64	2.59	2.34	1.98	
C	3.19	3.13	2.86	2.46	
D	3.70	3.63	3.36	2.89	
E	4.33	4.24	3.92	3.38	
F	4.96	4.85	4.54	3.92	
H	5.61	5.49	5.14	4.44	
J	5.97	5.85	5.47	4.73	
L	6.69	6.55	6.13	5.29	

DEDUCTIBLE BY PGS FACTOR RULES 19 AND 20 COMPREHENSIVE Applies to Model Years 2002 and prior					
PGS	DEDUCTIBLE				
	\$100	\$150	\$250	\$500	\$1,000
G,I,K,M	0.71	0.60	0.48	0.37	0.26
O	0.92	0.80	0.67	0.54	0.41
S	1.34	1.17	1.00	0.83	0.66
T	1.80	1.59	1.37	1.16	0.94
Z	1.80	1.59	1.37	1.16	0.94
U	2.28	2.06	1.83	1.68	1.37
V	2.77	2.56	2.31	2.01	1.74
X	2.77	2.56	2.31	2.01	1.74
W	3.34	3.12	2.80	2.48	2.15
Y	4.05	3.79	3.44	3.02	2.62
A	5.29	4.95	4.50	3.94	3.43
B	7.14	6.84	6.39	5.71	4.96
C	9.42	9.03	8.44	7.75	6.77
D	11.68	11.31	10.58	9.85	8.64
E	13.77	13.34	12.48	11.62	10.18
F	16.01	15.51	14.50	13.50	11.84
H	18.64	18.05	16.88	15.72	13.78
J	21.82	21.14	19.77	18.41	16.14
L	23.09	22.36	20.92	19.48	17.07

DEDUCTIBLE BY PGS FACTOR RULES 19 AND 20 COLLISION Applies to Model Years 2003 and subsequent					
PGS	DEDUCTIBLE				
	\$200	\$250	\$500	\$1,000	
M	0.75	0.71	0.54	0.34	
O	0.91	0.87	0.71	0.51	
S	1.03	1.00	0.85	0.64	
T	1.18	1.15	0.99	0.73	
U	1.33	1.29	1.12	0.89	
V	1.49	1.44	1.25	1.01	
W	1.68	1.63	1.43	1.16	
N	1.88	1.84	1.60	1.32	
P	1.88	1.84	1.60	1.32	
Q	2.19	2.14	1.93	1.63	
R	2.19	2.14	1.93	1.63	
G	2.19	2.14	1.93	1.63	
I	2.64	2.59	2.34	1.98	
K	2.64	2.59	2.34	1.98	
C	3.19	3.13	2.86	2.46	
D	3.70	3.63	3.36	2.89	
E	4.33	4.24	3.92	3.38	
F	4.96	4.85	4.54	3.92	
H	5.61	5.49	5.14	4.44	
J	5.97	5.85	5.47	4.73	
L	6.69	6.55	6.13	5.29	

DEDUCTIBLE BY PGS FACTOR RULES 19 AND 20 COMPREHENSIVE Applies to Model Years 2003 and subsequent					
PGS	DEDUCTIBLE				
	\$100	\$150	\$250	\$500	\$1,000
M	0.71	0.60	0.48	0.37	0.26
O	0.92	0.80	0.67	0.54	0.41
S	1.34	1.17	1.00	0.83	0.66
T	1.80	1.59	1.37	1.16	0.94
U	2.28	2.06	1.83	1.68	1.37
V	2.77	2.56	2.31	2.01	1.74
W	3.34	3.12	2.80	2.48	2.15
N	4.05	3.79	3.44	3.02	2.62
P	4.05	3.79	3.44	3.02	2.62
Q	5.29	4.95	4.50	3.94	3.43
R	5.29	4.95	4.50	3.94	3.43
G	5.29	4.95	4.50	3.94	3.43
I	7.14	6.84	6.39	5.71	4.96
K	7.14	6.84	6.39	5.71	4.96
C	9.42	9.03	8.44	7.75	6.77
D	11.68	11.31	10.58	9.85	8.64
E	13.77	13.34	12.48	11.62	10.18
F	16.01	15.51	14.50	13.50	11.84
H	18.64	18.05	16.88	15.72	13.78
J	21.82	21.14	19.77	18.41	16.14
L	23.09	22.36	20.92	19.48	17.07

ALLSTATE INDEMNITY COMPANY

**ARKANSAS
VOLUNTARY PRIVATE PASSENGER AUTO
DISCOUNTS / SURCHARGES**

RATING PLAN		TIER	RULE	FACTOR				
				AA	BB	VC	DD	HH
PRIOR INSURANCE DISCOUNT/ CLAIM RISK PLAN	1	*	53	0.89	0.88	0.77	0.73	0.74
	2	*		0.89	0.88	0.77	0.73	0.74
	3	*		0.89	0.88	0.77	0.73	0.74
	4	*		0.89	0.88	0.77	0.73	0.74
	5	*		0.92	0.92	0.94	0.80	0.84
	6	*		0.92	0.92	0.94	0.80	0.84
	7	*		0.92	0.92	0.94	0.80	0.84
	8	*		0.92	0.92	0.94	0.80	0.84
	9	*		1.06	1.00	1.15	0.87	1.02
	10	*		1.06	1.00	1.15	0.87	1.02
	11	*		1.06	1.00	1.15	0.87	1.02
	12	*		1.06	1.00	1.15	0.87	1.02
	13	*		0.96	0.95	1.00	0.88	0.91
	14	*		1.00	0.96	1.01	0.90	1.02
	15	*		1.08	1.00	1.23	0.98	1.22
MULTI-CAR DISCOUNT			18					
	ADULTS & MATURE ADULTS	*		0.75	0.75	0.8	0.90	N/A
	GS1, GS2, S2, GR2 & M2	*		0.75	0.75	0.8	0.90	N/A
	ALL OTHERS	*		0.9	0.9	0.8	0.90	N/A
PASSIVE RESTRAINT DISCOUNT			25					
	AIRBAGS ON BOTH SIDES	*		N/A	N/A	0.7	N/A	N/A
	AIRBAG ON DRIVER SIDE ONLY	*		N/A	N/A	0.8	N/A	N/A
	AUTOMATIC MOTORIZED SEAT	*		N/A	N/A	0.9	N/A	N/A
Note: ACC. DEATH (VM) & INCOME DIS. (VW) use same factors as MED (VC) APPLY THE SMALLEST FACTOR IF MORE THAN ONE DISCOUNT APPLIES.								
RESIDENT STUDENT DISCOUNT			28					
	R1 - MALE RESTRICTED 1	*		0.85	0.85	N/A	0.85	N/A
	GR1 - FEMALE RESTRICTED 1	*		0.90	0.90	N/A	0.90	N/A
CERTIFIED RISK SURCHARGE		*	22	1.10	1.10	N/A	N/A	N/A
NOTE: THE FACTOR IS APPLIED TO THE VEHICLE WITH THE HIGHEST COMBINED BODILY INJURY AND PROPERTY DAMAGE PREMIUM.								
ACCIDENT PREVENTION COURSE DISCOUNT		*	27	0.90	0.90	N/A	0.90	0.90
COLLEGE GRADUATE DISCOUNT		*	43	0.95	0.95	0.95	0.95	0.95
HOMEOWNERSHIP DISCOUNT		*	44	0.95	0.95	0.95	0.95	0.95
ANTILOCK BRAKE DISCOUNT		*	26	0.90	0.90	N/A	0.90	N/A
PRIOR INSURANCE DISCOUNT		*	13	1.00	1.00	1.00	1.00	1.00
THE GOOD HANDS PEOPLE® DISCOUNT		*	45	0.90	0.90	0.90	0.90	0.90
INEXPERIENCED OPERATOR SURCHARGE			24					
	0 - 1 YEAR	*		0.43	0.43	N/A	0.35	N/A
	1 - 2 YEARS	*		0.14	0.14	N/A	0.12	N/A
	2+	*		0.00	0.00	N/A	0.00	N/A

INEXPERIENCED OPERATOR SURCHARGE CALCULATION

	BI	PD	COLL
Coverage Base Rate (P.2)			
Factor (Shown left)	x	x	x
Inex. Operator Addend = \$ ROUNDED			

**ARKANSAS
VOLUNTARY PRIVATE PASSENGER AUTO
ADDITIONAL COVERAGES
SEMI-ANNUAL RATES**

TOWING AND LABOR COSTS (JJ) - (RULE 31)

<u>LIMIT / OCCURRENCE</u>	<u>RATE / AUTO</u>
\$25.00	\$1.90
\$50.00	\$2.90

NOTE: TOWING COVERAGE MAY BE PURCHASED FOR ANY VEHICLE.

RENTAL REIMBURSEMENT (UU) - (RULE 31)

<u>CLASSES</u>	<u>RATE / AUTO</u>		
	<u>\$10/DAY*</u>	<u>\$20/DAY</u>	<u>\$30/DAY</u>
B1, B2, R1, M1, GB1 & GB2	\$14.60	\$35.10	\$50.80
ALL OTHERS	\$12.30	\$29.30	\$42.30

* \$10/day limit available only to renewal business currently with \$10/day limit.

NOTE: EITHER COLLISION OR COMPREHENSIVE IS REQUIRED IN ORDER TO PURCHASE RENTAL REIMBURSEMENT COVERAGE.

SOUND SYSTEM COVERAGE (ZA) - (RULE 31)

<u>LIMIT / OCCURRENCE</u>	<u>RATE / AUTO</u>
\$0-250	\$16
251-500	32
501-1000	58
1001-2500	107
EACH ADD'L \$500	+15

NOTE: COMPREHENSIVE COVERAGE IS REQUIRED IN ORDER TO PURCHASE SOUND SYSTEM COVERAGE.

TAPE COVERAGE (ZZ) - (RULE 31)

<u>LIMIT / OCCURRENCE</u>	<u>RATE / AUTO</u>
\$100	\$8.80

NOTE: COMPREHENSIVE COVERAGE IS REQUIRED IN ORDER TO PURCHASE TAPE COVERAGE.

CAMPER UNIT - (RULE 32)

ORIGINAL COST NEW
OF CAMPER UNIT
UNDER \$1,200
\$1,200 TO 1,799
\$1,800 TO 2,399
\$2,400 AND ABOVE

	<u>ADDITIONAL RATE</u>	
	<u>COLLISION</u>	<u>COMPREHENSIVE</u>
UNDER \$1,200	\$ 5	\$ 5
\$1,200 TO 1,799	9	9
\$1,800 TO 2,399	14	14
\$2,400 AND ABOVE	18	18

	<u>1st CAR</u>	<u>EACH ADD'L CAR</u>
ACCIDENTAL DEATH BENEFITS (VM) \$ 5,000	\$3.00	\$2.50
INCOME DISABILITY BENEFITS (VW)	\$4.60	\$3.90

ALLSTATE INDEMNITY COMPANY

ARKANSAS
VOLUNTARY PRIVATE PASSENGER AUTO
CUSTOMIZED, MODIFIED AND RESTORED VEHICLES
RULE 34

ROUND AFTER EACH CALCULATION TO THE NEAREST WHOLE DOLLAR

STEP #	BI	PD	MED (VC)	COLL	COMP
1 TERRITORIAL BASE RATE (P.2)					
2 DRIVER CLASSIFICATION FACTOR (P.3)	x	x	x	x	x
3 SECONDARY CLASSIFICATION FACTOR (P.3)	x	x	x	x	x
4 INCREASED LIMIT FACTOR (P.4)	x	x			
5 MULTI CAR DISCOUNT FACTOR (P.6)	x	x	x	x	
6 CURRENT MODEL YEAR FACTOR (P.5)				x	x
7 DEDUCTIBLE FACTOR (SEE BELOW)				x	x
8 ACTUAL CASH VALUE FACTOR (SEE BELOW)				x	x
9 RESIDENT STUDENT DISCOUNT FACTOR (P.6)	x	x		x	
10 DRIVING RECORD ADDEND/SUBTRACTIVE (P.7)	+/-	+/-		+/-	
11 INEXP. OPERATOR SURCHARGE ADDEND (P.6)	+	+		+	
12 CERTIFIED RISK SURCHARGE (P.6)	x	x			
13 VEHICLE SURCHARGE FACTOR (P.8)				x	x
14 ACCIDENT PREVENTION COURSE DISCOUNT FACTOR (P.6)	x	x		x	x
15 CAMPER UNIT PREMIUM (P.9)				+	+
16 ANTI-LOCK BRAKE DISCOUNT FACTOR (P.6)	x	x		x	
17 PASSIVE RESTRAINT DISCOUNT FACTOR (P.6)			x		
18 HOMEOWNERSHIP DISCOUNT FACTOR (P.6)	x	x	x	x	x
19 PRIOR INSURANCE DISCOUNT FACTOR OR PRIOR INSURANCE DISCOUNT/CLAIM RISK PLAN FACTOR (P.6)	x	x	x	x	x
20 THE GOOD HANDS PEOPLE® DISCOUNT FACTOR (P.6)	x	x	x	x	x
21 TOTAL COVERAGE PREMIUM					
22 MINIMUM PREMIUM AMOUNT	\$10	\$5	\$2	\$15	\$5
23 LARGER OF 21 OR 22					

ACCIDENTAL DEATH (VM) & INCOME DISABILITY BENEFITS (VW)	VM	VW
24 VM, VW PREMIUM (DIME ROUNDED) (P.9)		
25 PASSIVE RESTRAINT DISCOUNT FACTOR (P.6)	x	x
26 TOTAL VM, VW COVERAGE PREMIUM (DIME ROUNDED)		
27 TOTAL VM & VW PREMIUM (DIME ROUNDED) LINE 26 VM + VW		

UM AND UIM COVERAGES	UM	UIM
28 UM, UIM PREMIUM (DIME ROUNDED) (P.2)		
29 INCREASED LIMIT FACTOR (P.4)	x	x
30 UM-PD RATE (P.4)	+	
31 TOTAL UM, UIM COVERAGE PREMIUM (DIME ROUNDED)		
32 TOTAL UM/UIM PREMIUM (DIME ROUNDED) LINE 31 UM + UIM		

DEDUCTIBLE FACTORS		
DEDUCTIBLE	COLL.	COMP.
\$100	N/A	1.20
150	N/A	1.10
200	1.05	N/A
250	1.00	1.00
500	0.85	0.85
1,000	0.70	0.75

33 ROADSIDE HELP RATE (JJ) (P.9)	+	
34 RENTAL REIMBURSEMENT RATE (UU) (P.9)	+	
35 SOUND SYSTEMS RATE (ZA) (P.9)	+	
36 TAPE RATE (ZZ) (P.9)	+	
37 TOTAL MISCELLANEOUS COVERAGES (LINES 33-36)	=	

38 TOTAL SEMI-ANNUAL PREMIUM = LINES 23 (BI + PD + VC + COLL + COMP) + 27 + 32 + 37	
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ORIGINAL COST NEW OR ACTUAL CASH VALUE (WHICHEVER IS GREATER)	FACTOR	
	COLLISION	COMPREHENSIVE
UNDER - 8,000	1.45	2.15
\$ 8,001 - 10,000	1.65	2.60
\$ 10,001 - 12,500	1.85	3.20
\$ 12,501 - 15,000	2.20	4.30
\$ 15,001 - 20,000	2.65	5.85
\$ 20,001 - 30,000	3.20	7.85
\$ 30,001 - 40,000	3.70	9.85
\$ 40,001 - 50,000	4.20	11.85
\$ 50,001 - 70,000	4.70	13.85
\$ 70,001 - 80,000	5.20	15.85
\$ 80,001 - 100,000	5.70	17.85
\$ 100,001 & UP	6.20	19.85

SERFF Tracking Number: ALSX-125776613 State: Arkansas
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100
Company Tracking Number: R20325
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Product Name: Private Passenger Auto
Project Name/Number: Rule and Rate Filing/R20325

Supporting Document Schedules

Satisfied -Name: A-1 Private Passenger Auto
Abstract

Review Status:
Filed 09/25/2008

Comments:

Attachment:

PPA Abstract.PDF

Satisfied -Name: APCS-Auto Premium Comparison
Survey

Review Status:
Filed 09/25/2008

Comments:

Attachments:

APCS.PDF

APCS.XLS

Satisfied -Name: NAIC loss cost data entry document

Review Status:
Filed 09/25/2008

Comments:

Attachment:

Loss Cost Data Entry Form.PDF

Bypassed -Name: NAIC Loss Cost Filing Document
for OTHER than Workers' Comp

Review Status:
Filed 09/25/2008

Bypass Reason: Not applicable

Comments:

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty

Review Status:
Filed 09/25/2008

Comments:

Attachments:

AR - NAIC P&C TRANSMITTAL DOCUMENT.PDF

SERFF Tracking Number: *ALSX-125776613*

State: *Arkansas*

Filing Company: *Allstate Indemnity Company*

State Tracking Number: *EFT \$100*

Company Tracking Number: *R20325*

TOI: *19.0 Personal Auto*

Sub-TOI: *19.0001 Private Passenger Auto (PPA)*

Product Name: *Private Passenger Auto*

Project Name/Number: *Rule and Rate Filing/R20325*

AR - NAIC RATE RULE FILING SCHEDULE.PDF

SERFF Tracking Number: ALSX-125776613

State: Arkansas

Filing Company: Allstate Indemnity Company

State Tracking Number: EFT \$100

Company Tracking Number: R20325

TOI: 19.0 Personal Auto

Sub-TOI: 19.0001 Private Passenger Auto (PPA)

Product Name: Private Passenger Auto

Project Name/Number: Rule and Rate Filing/R20325

Review Status:

Satisfied -Name: ISM7 Model

Filed

09/25/2008

Comments:

Attachment:

ISM7 Model.PDF

Review Status:

Satisfied -Name: ResponseToDOIObjection01

Filed

09/25/2008

Comments:

Attachment:

ResponseToDOIObjection01.PDF

Review Status:

Satisfied -Name: September 2 Objection Response

Filed

09/25/2008

Comments:

Attachment:

September 2 Objection Response.PDF

PRIVATE PASSENGER AUTOMOBILE ABSTRACT

Instructions: All questions must be answered. If the answer is "none" or "Not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submission that do not alter the information contained herein need not include this form.

Company Name: Allstate Indemnity Company

NAIC No.: 19240

Group No.: 0008

1. Are there any areas in the State of Arkansas in which your company will not write automobile insurance?
No

2. Do you furnish a market for young drivers? Yes
 Over age 65 drivers? Yes

3. Do you require collateral business to support a youthful driver risk? No

4. Do you insure driver with an international or foreign driver's license? No

5. Specify the percentage you allow in credit or discounts for the following*:

a.	Driver Over 55	<u>N/A</u>	<u>%</u>
b.	Good Student Discount	<u>N/A</u>	<u>%</u>
c.	Multi-car Discount	<u>10-25</u>	<u>%</u>
d.	Accident Free Discount*	<u>N/A</u>	<u>%</u>
	*Please Specify Qualification for Discount (see the following page) _____		
e.	Anti-theft Discount	<u>N/A</u>	<u>%</u>
f.	Other (specify)		
	<u>Resident Student Discount</u>	<u>10-15</u>	<u>%</u>
	<u>College Graduate Discount</u>	<u>5</u>	<u>%</u>
	<u>Anti-lock Brake Discount</u>	<u>10</u>	<u>%</u>
	<u>Passive Restraint Discount</u>	<u>10-30</u>	<u>%</u>
	<u>Homeownership Discount</u>	<u>5</u>	<u>%</u>
	<u>Accident Prevention Course Discount</u>	<u>10</u>	<u>%</u>
	<u>"The Good Hands People® Discount"</u>	<u>10</u>	<u>%</u>

6. Do you have an installment payment plan for automobile insurance? Yes
 If so, what is the fee for installment payments? \$3.50

7. Does your company utilize a tiered rating plan? Yes
 If so, list the programs and percentage difference. Claim Risk Plan Levels 1-15. Please Refer to Rules and Rates Manual for Further Details Regarding This Tiering Structure.

State the current volume for each program. (6-month premiums)

<u>Policies currently not rated by Claim Risk Plan</u>	<u>\$412,052</u>
<u>Claim Risk Plan 1</u>	<u>\$119,967</u>
<u>Claim Risk Plan 2</u>	<u>\$54,542</u>
<u>Claim Risk Plan 3</u>	<u>\$16,085</u>
<u>Claim Risk Plan 4</u>	<u>\$752</u>
<u>Claim Risk Plan 5</u>	<u>\$280,175</u>
<u>Claim Risk Plan 6</u>	<u>\$59,249</u>
<u>Claim Risk Plan 7</u>	<u>\$34,586</u>
<u>Claim Risk Plan 8</u>	<u>\$5,450</u>
<u>Claim Risk Plan 9</u>	<u>\$134,133</u>
<u>Claim Risk Plan 10</u>	<u>\$25,089</u>
<u>Claim Risk Plan 11</u>	<u>\$6,194</u>
<u>Claim Risk Plan 12</u>	<u>\$11,386</u>
<u>Claim Risk Plan 13</u>	<u>\$66,195</u>
<u>Claim Risk Plan 14</u>	<u>\$249,380</u>
<u>Claim Risk Plan 15</u>	<u>\$242,729</u>

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature

Title

Telephone Number

*Please see the Rules/Rates pages for more information on the Driving Record Addend/Subtractive rating component which takes this information into consideration.

AID PC A-1 (4/98)

Private Passenger Auto Premium Comparison Survey Form

FORM APCS - last modified August 2005

NAIC Number: 19240
 Company Name: Allstate Indemnity Company
 Contact Person: Carrie Deppe
 Telephone No.: 1-800-366-2958 Ext. 22774
 Email Address: cdepp@allstate.com
 Effective Date: 10/6/2008

Assumptions to Use:

- 1 Liability -Minimum \$25,000 per person
- 2 Bodily Injury \$50,000 per accident
\$25,000 per accident
- 3 Property Damage \$100 deductible per accident
- 4 Comprehensive & Collision \$250 deductible per accident
- 5 The insured has elected to accept:
Uninsured motorist property and bodily injury equal to liability coverage
Underinsured bodily injury equal to liability coverage
- 6 Personal Injury Protection of \$5,000 for medical, loss wages according to statute and \$5,000 accidental
- 7 If male and female rates are different, use the highest of the two

Submit to: Arkansas Insurance Department
 1200 West Third Street
 Little Rock, AR 72201-1904
 Telephone: 501-371-2800

Email as an attachment insurance.pnc@arkansas.gov
 You may also attach to a SERFF filing or submit on a compact disk

DISCOUNTS OFFERED:

PASSIVE RESTRAINT/AIRBAG 10-30 %
 AUTO/HOMEOWNERS 5 %
 GOOD STUDENT 0 %
 ANTI-THEFT DEVICE 0 %
 Over 55 Defensive Driver Discount 0 %
 \$250/\$500 Deductible Comp./Coll. 6-24 %

Vehicle	Coverages	Gender	Fayetteville				Trumann				Little Rock				Lake Village				Pine Bluff			
			Female 18	Male 18	Male or Female 40	Male or Female 66	Female 18	Male 18	Male or Female 40	Male or Female 66	Female 18	Male 18	Male or Female 40	Male or Female 66	Female 18	Male 18	Male or Female 40	Male or Female 66	Female 18	Male 18	Male or Female 40	Male or Female 66
1999 Chevrolet Silverado 1500 2WD "LS" regular cab 119" WB	Minimum Liability		\$591	\$822	\$342	\$342	\$656	\$915	\$377	\$377	\$723	\$1,018	\$414	\$414	\$629	\$875	\$361	\$361	\$960	\$1,344	\$546	\$546
	Minimum Liability with Comprehensive and Collision		\$1,791	\$2,678	\$955	\$947	\$1,894	\$2,815	\$995	\$988	\$1,821	\$2,682	\$947	\$940	\$2,006	\$3,018	\$1,062	\$1,047	\$2,308	\$3,397	\$1,207	\$1,199
	100/300/50 Liability with Comprehensive and Collision		\$1,967	\$2,929	\$1,059	\$1,051	\$2,093	\$3,099	\$1,113	\$1,106	\$2,048	\$3,009	\$1,080	\$1,073	\$2,196	\$3,289	\$1,175	\$1,160	\$2,631	\$3,865	\$1,392	\$1,384
2003 Ford Explorer "XLT" 2WD, 4 door	Minimum Liability		\$581	\$813	\$336	\$336	\$646	\$906	\$371	\$371	\$714	\$1,010	\$407	\$407	\$617	\$867	\$355	\$355	\$944	\$1,331	\$533	\$533
	Minimum Liability with Comprehensive and Collision		\$1,736	\$2,615	\$935	\$924	\$1,835	\$2,744	\$974	\$967	\$1,762	\$2,610	\$922	\$913	\$1,943	\$2,954	\$1,042	\$1,029	\$2,236	\$3,311	\$1,174	\$1,164
	100/300/50 Liability with Comprehensive and Collision		\$1,915	\$2,868	\$1,041	\$1,030	\$2,034	\$3,032	\$1,092	\$1,085	\$1,991	\$2,939	\$1,056	\$1,047	\$2,135	\$3,227	\$1,155	\$1,142	\$2,560	\$3,784	\$1,363	\$1,353
2003 Honda Odyssey "EX"	Minimum Liability		\$470	\$648	\$274	\$274	\$521	\$719	\$303	\$303	\$573	\$799	\$331	\$331	\$500	\$689	\$291	\$291	\$759	\$1,053	\$436	\$436
	Minimum Liability with Comprehensive and Collision		\$1,471	\$2,196	\$784	\$775	\$1,554	\$2,305	\$819	\$813	\$1,490	\$2,188	\$775	\$768	\$1,648	\$2,481	\$876	\$866	\$1,886	\$2,768	\$987	\$980
	100/300/50 Liability with Comprehensive and Collision		\$1,613	\$2,394	\$872	\$863	\$1,711	\$2,529	\$915	\$909	\$1,670	\$2,445	\$882	\$875	\$1,798	\$2,695	\$967	\$957	\$2,138	\$3,136	\$1,134	\$1,127
2005 Toyota Camry LE 3.0L 4 door Sedan	Minimum Liability		\$555	\$766	\$323	\$323	\$617	\$853	\$357	\$357	\$678	\$944	\$388	\$678	\$591	\$815	\$343	\$343	\$905	\$1,254	\$516	\$516
	Minimum Liability with Comprehensive and Collision		\$2,228	\$3,352	\$1,176	\$1,165	\$2,349	\$3,503	\$1,220	\$1,212	\$2,216	\$3,266	\$1,131	\$1,121	\$2,514	\$3,801	\$1,322	\$1,302	\$2,792	\$4,117	\$1,441	\$1,430
	100/300/50 Liability with Comprehensive and Collision		\$2,391	\$3,582	\$1,274	\$1,263	\$2,532	\$3,764	\$1,329	\$1,321	\$2,426	\$3,567	\$1,255	\$1,245	\$2,689	\$4,050	\$1,425	\$1,405	\$3,087	\$4,544	\$1,611	\$1,600
2003 Cadillac Seville "STS" 4 door Sedan	Minimum Liability		\$496	\$689	\$289	\$289	\$550	\$766	\$318	\$318	\$606	\$853	\$350	\$350	\$527	\$734	\$306	\$306	\$802	\$1,124	\$457	\$457
	Minimum Liability with Comprehensive and Collision		\$2,918	\$4,494	\$1,567	\$1,543	\$3,033	\$4,630	\$1,598	\$1,583	\$2,786	\$4,197	\$1,439	\$1,416	\$3,309	\$5,144	\$1,771	\$1,741	\$3,491	\$5,273	\$1,816	\$1,793
	100/300/50 Liability with Comprehensive and Collision		\$3,070	\$4,709	\$1,658	\$1,634	\$3,204	\$4,874	\$1,701	\$1,686	\$2,980	\$4,475	\$1,554	\$1,531	\$3,472	\$5,375	\$1,869	\$1,839	\$3,764	\$5,669	\$1,974	\$1,951
1998 Chevrolet Cavalier LS 4D Sedan	Minimum Liability		\$591	\$822	\$342	\$342	\$656	\$915	\$377	\$377	\$723	\$1,018	\$414	\$414	\$629	\$875	\$361	\$361	\$960	\$1,344	\$546	\$546
	Minimum Liability with Comprehensive and Collision		\$1,544	\$2,291	\$820	\$814	\$1,647	\$2,424	\$865	\$859	\$1,604	\$2,345	\$834	\$828	\$1,726	\$2,568	\$911	\$900	\$2,040	\$2,978	\$1,069	\$1,063
	100/300/50 Liability with Comprehensive and Collision		\$1,720	\$2,542	\$924	\$918	\$1,846	\$2,708	\$983	\$977	\$1,831	\$2,672	\$967	\$961	\$1,916	\$2,839	\$1,024	\$1,013	\$2,363	\$3,446	\$1,254	\$1,248

<i>SERFF Tracking Number:</i>	<i>ALSX-125776613</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Allstate Indemnity Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>R20325</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule and Rate Filing/R20325</i>		

Attachment "APCS.XLS" is not a PDF document and cannot be reproduced here.

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	R20325	
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number		
Company Name		Company NAIC Number	
3.	A.	Allstate Indemnity Company	B. 19240
Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A.	Private Passenger Auto	B. Private Passenger Auto

5.

(A) COVERAGE (See Instructions)	(B) Indicated Reinsurance Change	(C) Requested Reinsurance Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Bodily Injury	N/A	0.0	N/A	N/A	N/A	N/A	N/A
Property Damage	N/A	0.0	N/A	N/A	N/A	N/A	N/A
Medical	N/A	0.0	N/A	N/A	N/A	N/A	N/A
Uninsured/Underinsured Motorists	N/A	0.0	N/A	N/A	N/A	N/A	N/A
Collision	N/A	0.0	N/A	N/A	N/A	N/A	N/A
Comprehensive	N/A	0.0	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	N/A	0.0					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2005	3,849 (earned exposures)	N/A	N/A	5,593,062	1,697,799	.30	.54
2006	3,624 (earned exposures)	N/A	N/A	5,130,820	2,192,096	.43	.53
2007	2,876 (earned exposures)	N/A	N/A	4,463,477	1,923,869	.43	.55

7.

Expense Constants	Selected Provisions
A. Other Acquisition	4.1%
B. General Expense	Liab - 4.9% Phys Dmg - 5.0%
C. Taxes, License & Fees	Liab - 3.4% Phys Dmg - 3.3%
D. Underwriting Profit	Liab - 9.9% Phys Dmg - 13.1%
E. Commissions	9.4%
F. TOTAL	Liab - 31.7%; Phys Dmg - 34.9 %

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. 24.78% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): This is just an estimation

10. -41.30% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): This is just an estimation

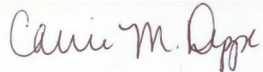
Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
g. SERFF Filing #:		
h. Subject Codes		

3. Group Name	Allstate				Group NAIC #	008
4. Company Name(s)	Domicile	NAIC #	FEIN #	State #		
Allstate Indemnity Company	IL	19240	36-6115679			

5. Company Tracking Number	R20325
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Carrie M. Deppe 2775 Sanders Road, Suite A5 Northbrook IL 60062	Assistant State Filings Manager	800-366-2958 Ext. 22774	847-402-9757	cdepp@allstate.com
7. Signature of authorized filer				
8. Please print name of authorized filer	Carrie M. Deppe			

Filing Information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	19.0 Personal Auto
10. Sub-Type of Insurance (Sub-TOI)	19.0001 Private Passenger Auto (PPA)
11. State Specific Product code(s) (if applicable) [See State Specific Requirements]	
12. Company Program Title (Marketing Title)	Private Passenger Auto
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 10/06/2008 Renewal: 11/20/2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	Not applicable
17. Reference Organization # & Title	Not applicable
18. Company's Date of Filing	August 14, 2008
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document

20.	This filing transmittal is part of Company Tracking #	R20325
21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]	

Revision of Insurance Scoring Rating Procedures

The attached filing revises the credit-based Insurance Scoring rating procedures currently used in Allstate Indemnity Company for Arkansas Private Passenger Automobile business. For new business written on and after October 6, 2008 and renewals effective on and after November 20, 2008, a new credit-scoring model (entitled ISM 7) will be utilized. This model computes an Insurance Score based on information contained in a credit report. An overview of the ISM 7 model has been included as a privileged and confidential attachment.

Rating Group cut-off scores and No-Hit scores are being updated to reflect the use of this new model. Also with this filing, there will be a one-time reorder of credit reports at renewal for all policies written prior to October 6, 2008. There is currently a group of policyholders who were written into Allstate Indemnity Company prior to 10/15/2000, the date when credit report information was first used as a rating variable. The Claim Risk Plan, which utilizes this credit report information, did not apply to this segment of policies. Instead of assigning a Claim Risk Plan level which also incorporates the existence of prior insurance, these policies were eligible for a separate Prior Insurance Discount. Since all policies will have credit reordered with this ISM 7 implementation and be assigned to a Claim Risk Plan level, all Prior Insurance Discount factors will be set to 1.00 to acknowledge that this characteristic is already accounted for in the Claim Risk Plan rating factors. The Insurance Score Group for the appeals process has also been updated to reflect the neutral group in this new model. For further details, please see Rule 53 in the attached manual pages. We are estimating an overall rate level change of 0.0% with the corresponding base rate offset made.

In addition, the Claim Risk Plan factor will no longer be affected by Number of Eligible Incidents to comply with Arkansas Code Ann. 23-79-152. This information will still be used to place business into our existing 15 Claim Risk Plan Levels, but it will not affect an insured's rate. For example, Levels 1-4 will all receive the same Claim Risk Plan rating factor. Please see Exhibit A for the current and proposed Claim Risk Plan factors.

We are targeting an effective date of October 6, 2008, for new business written, and renewals effective on or after November 20, 2008.

22.	Filing Fees (Filer must provide check # and fee amount if applicable.) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<div style="margin-bottom: 10px;"> Check #: Not applicable. Fee sent via EFT. Amount: \$100.00 </div> <p>Independent rate/rule filing</p> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>	

***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

PROPERTY & CASUALTY RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	R20325
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	Not applicable
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☐ Rate Increase
 ☐ Rate Decrease
 ☒ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File and Use
-----------	--	--------------

4a.	Rate Change by Company (As Proposed)						
------------	---	--	--	--	--	--	--

Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)
Allstate Indemnity Company	0	0	0	1893	3353530	0	0

4b.	Rate Change by Company (As Accepted) For State Use Only						
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Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)

5. Overall Rate Information (Complete for Multiple Company Filings only)			
		COMPANY USE	STATE USE
5a.	Overall percentage rate indication(when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing - Number of policyholders affected		

6.	Overall percentage of last rate revision	0.0%
7.	Effective Date of last rate revision	08/11/2008
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File and Use

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	R20325	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	R20325	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	ALSX-125741654
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

Insurance Scoring Model 7

Model Development Overview & Final
Model Results

Model Overview

Allstate has been studying the relationship between credit report information and insurance loss potential since the 1980's. In 2000, Allstate introduced its first insurance scoring model, a proprietary scoring model developed internally by Allstate using information from our blinded policyholder records, combined with credit report information obtained for research purposes. Since that time, Allstate has continued to evaluate the predictive power of credit information, and has developed additional insurance scoring models. This report contains information on the development of our most recent insurance scoring model referred to as **Insurance Scoring Model 7 (ISM7)**.

In the development of this insurance scoring model, we leveraged data from the majority of states, using over 10 million automobile and homeowners policies in the development and validation of the model's results. While we have reviewed information separately for the automobile and homeowners lines of business, the ISM7 model was designed with the goal of creating a single model that would predict insurance loss potential for both automobile and homeowners insurance.

Since 2002, many states have passed laws and/or regulations regarding the use of credit information for evaluating insurance risks. While most of the credit variables prohibited from use by these laws and regulations have never been considered in any of our insurance scoring models, others have led to the creation of state specific models to address specific prohibitions. The ISM7 model has been created to address most of the common prohibitions so that this model can be utilized without modification in as many states as possible.

Insurance scoring is just one of many rating variables considered by Allstate in determining insurance premiums. As such, we have developed our insurance scoring model to capture the additional predictive power that credit information provides beyond that of other rating variables.

The ISM7 Model was designed to predict the likelihood of insurance losses. The scoring model was developed using a multiple regression technique that simultaneously solves for the weights for all credit report variables utilized in the model. The ISM7 Model was constructed so that a lower risk of loss would be associated with a lower overall score as generated by the insurance scoring model. Higher scores are associated with a higher likelihood of insurance losses. Thus, credit report attributes that are more favorable will result in a reduction of points, or the assignment of fewer points than credit report attributes that are considered less favorable.

ISM7 Scorecard

The ISM7 score will be calculated by adding or subtracting points based upon the table below. The initial starting value for the score calculation is 451.17. The final score will rounded to the nearest whole integer.

<u>Variable</u>	<u>Point Value</u>	<u>Variable</u>	<u>Point Value</u>
Presence of derogatory item in the past 5 years (other than one 30-day late payment)	18.35	Average number of months trades on file (excluding auto and mortgage related trades)	
		Number of months (capped at 283) multiplied by (If no applicable trades use 0 months)	-0.0860
Presence of a severely derogatory trade in the past 5 years	18.13	Revolving trades opened in the past 2 years (excluding auto and mortgage related trades)	
Number of collections in the past 5 years		0	0.00
0	0.00	1	3.0134
1	19.5044	2	6.0268
2+	39.0088	3	9.0402
Revolving trades currently 60-120 days past due		4	12.0536
0	0.00	5	15.0670
1	16.5532	6	18.0804
2	33.1064	7	21.0938
3+	49.6596	8	24.1072
Number of payments 30-days late in the past year		9	27.1206
0-4	0.00	10+	30.1340
5+	28.99	Installment trades opened in the past 2 years (excluding auto and mortgage related trades)	
Months since the most recent delinquency		0-1	0.00
Number of months (capped at 60) multiplied by (If no delinquencies use 60 months)	-0.8066	2-3	8.81
Number of derogatory public records in the past 5 years		4+	19.79
0	0.00	Number of Bank Inquires in the past 2 years (considers no more than one bank inquiry within a 90-day period)	
1	12.6974	0	0.00
2	25.3948	1	8.3773
3+	38.0922	2	16.7546
Months since the most recent derogatory public record		3	25.1319
0-4 months	36.75	4	33.5092
over 4 months or no derogatory public records	0.00	Percent of active trades with a positive balance	
Amount currently past due		Percent is multiplied by	
Amount (capped at \$1015) multiplied by	0.02064	If Number of credit card inquiries = 0	0.0000
Number of trades in the past 5 years		If Number of credit card inquiries = 1 or 2	0.1340
0	88.45	If Number of credit card inquiries = 3 or 4	0.3351
1	47.77	If Number of credit card inquiries = 5+	1.0087
2	32.09	Months since the most recent bank or credit card inquiry	
3-21	0.00	No of months (capped at 24) multiplied by	-0.7183
22+	9.46	(If no bank or credit card inquiries use 24 months)	
Number of open revolving trades > 75% of high credit amount			
0-1	0.00		
2-3	9.61		
4+	16.37		

Variable Descriptions

A credit report contains different types of information including Inquiries, Public Records, Tradelines and Collections. Inquiries show that credit grantors or other authorized parties have received a copy of the consumer's credit report. Public Records includes items such as liens, court judgments, foreclosures and bankruptcies. A tradeline is a broad term including all types of credit accounts a consumer has on their credit report, which may include several different types of trade accounts such as mortgages, installment accounts, lines of credit, open or revolving accounts. In addition, items that are unpaid and are sent to collection can result in a collection record appearing on the credit report. Each of these types of information, found on a credit report, are considered in the calculation of an insurance score.

The credit variables utilized in the ISM7 Model can be categorized into five general categories: Performance on Accounts and Public Records, Number of Accounts, Utilization of Accounts, Length of Account History, and Credit Seeking Behavior as measured by Inquiry Information.

While some derogatory credit report information may remain on a credit report for seven years or more, the variables utilized in the ISM7 Model only consider information from the past five years (with the exception of the average length of time trade accounts have been on the file). Inquiry information is only available for the latest two years.

Certain information will specifically be excluded from consideration including:

- Items that are indicated to be in dispute
- Items designated as being medically related
- Accounts coded as being business, commercial, utility, insurance or employment related
- Accounts for which the consumer is a co-signer but does not have primary responsibility
- Accounts designated as being related to spouse, family or child support
- Accounts indicated as credit cards that have been lost or stolen
- Accounts where the ownership of the account is in dispute

Delinquencies on accounts are considered for trade items related to cellular phones or student loans; however, these accounts are not considered in evaluating the number of trade accounts, the age of accounts or the number of accounts recently opened.

Performance on Accounts and Public Records

Presence of a derogatory item in the past 5 years (other than one 30-day late payment)

This variable considers the presence of collection records, public records and trade account items indicating the presence of a delinquency, bankruptcy, judgment repossession or a foreclosure. If only one delinquency, coded as 30-days late, is present

on the credit report and no other derogatory items are found, then no points will be assigned for this variable.

Presence of a severely derogatory trade in the past 5 years

This variable considers the presence of delinquencies on accounts. In order to be considered severely derogatory, a delinquency must be beyond 120 days late, which would include accounts that are sent to collection, repossessed, charged off as a bad debt or subject to a wage earner plan.

Number of collections in the past 5 years

This variable counts the number of collection records during the past 5 years. Collection records that are indicated as medically related are excluded from consideration.

Revolving trades currently 60-120 days past due

This variable only considers delinquencies on revolving trade accounts. The account must indicate a current delinquency of 60, 90 or 120 days to be considered.

Number of payments 30 days late in the past year

This variable counts the number of 30-day late payments, across all trade accounts, occurring within the past 12 months. Multiple 30-day late payments from the same trade account will be considered.

Months since the most recent delinquency

In addition to considering the presence of delinquencies, we also consider how recently those delinquencies have occurred. The farther back in time delinquencies appear, the less of a negative impact they will have on the insurance score. Those with no delinquencies in the past 60 months will receive the maximum reduction in points associated with this variable.

Number of derogatory public records in the past 5 years

Derogatory public records reported within the past five years are considered.

Months since the most recent derogatory public record

In addition to considering the presence of derogatory public records, additional points will be assigned if a derogatory public record item has been reported within the past 4 months.

Amount currently past due

For this variable, the balance currently past due is accumulated on all open trade accounts.

Number of Accounts

Number of trades in the past 5 years

This variable considers the number of trade accounts held during the past 5 years. A trade account will be considered regardless of whether the trade account is currently opened or has been closed. Those with either very few accounts or with a very large number of accounts will see points added to their score.

Utilization of Accounts

Number of open revolving trades > 75% of high credit amount

This variable looks at the current balance on each open revolving account, in relation to the highest balance ever accumulated on that account (accounts designated as a line of credit or an open account type are also considered for purposes of this variable). We do not consider the absolute balance of the account separately, but only as a ratio to the high credit amount. In addition, if the high credit amount for a particular trade account is less than \$500 then a high credit amount of \$500 is used. No points are assigned under this variable unless there are at least two open revolving accounts with a balance > 75% of the high credit amount.

Percent of active trades with a positive balance

This variable considers the number of open trade accounts that have been reported on in the past year and that have a balance greater than zero. The percentage of accounts is then calculated and multiplied by a factor 100 (rounded to the nearest integer). This variable is only considered in combination with the number of **Credit card inquiries**.

Length of Account History

Average number of months trades on file (excluding auto and mortgage related trades)

This variable considers the number of months between the date each trade account was opened and the date the credit report is reviewed. If the date an account was opened was over five years ago, or if an account has been closed for more than five years, these accounts will still be considered in the calculation of this variable; however, auto and mortgage accounts are not considered in the calculation of this variable. The longer the average length of time that trade accounts have been opened, the more points are deducted from the score.

Revolving trades opened in the past 2 years (excluding auto and mortgage related trades)

This variable considers only revolving trades that have been opened in the past 2 years. If an account is currently closed it will still be considered in the calculation of this variable. Auto and mortgage accounts are excluded from consideration.

Installment trades opened in the past 2 years (excluding auto and mortgage related trades)

This variable considers only installment trades that have been opened in the past 2 years. If an account is currently closed it will still be considered in the calculation of this variable. Auto and mortgage accounts are excluded from consideration.

Credit Seeking Behavior - Inquiry Information

Number of bank inquiries in the past 2 years (considers no more than one bank inquiry within a 90-day period)

This variable only considers inquiries that are coded as bank inquiries. In addition, inquiries are grouped into three-month intervals for the 24 months of inquiry information available on the credit report. For each three-month time period, beginning with the most recent three months, at most one bank inquiry will be considered. In calculating the total number of bank inquiries to consider, each three-month interval is searched for the presence of a bank inquiry. If a bank inquiry is present, one inquiry is added to the count, and the next three-month interval is skipped from consideration. The entire 24-month history is searched in the same manner. As a result of the way in which this variable is calculated, at most 4 bank inquiries will be considered, and all bank inquiries considered will be a minimum of 90 days apart.

Number of credit card inquiries in the past 2 years

This variable considers only inquiries that are coded as credit card inquiries. Department Store inquiries are coded separately on a credit report, and are not included in the calculation of this variable. The points assigned for this variable will vary based upon the calculation of the **Percent of active trades with a positive balance**. The presence of credit card inquiries results in additional points being added to the score. However, fewer points will be added in cases where the percentage of active accounts currently carrying a positive balance is smaller.

Months since the most recent bank or credit card inquiry

In addition to considering the presence of bank and credit card inquiries, we also consider how recently those inquiries have occurred. The farther back in time inquiries appear, the less of a negative impact they will have on the insurance score. Those with no bank or credit card inquiries in the past 24 months will receive the maximum reduction in points associated with this variable.

Data and Data Adjustments

In the development of the ISM7 Model, we relied upon policyholder data from exposure years 2001 and 2002 from the majority of states across the country. Exposures and losses for exposure years 2001 and 2002 were combined using new and renewal business in 2001 and only renewal business in 2002. For standard private passenger automobile we used data for the Bodily Injury, Property Damage, Collision and Comprehensive coverages. The data file we relied upon for analysis purposes is referred to as the Policy History File. Each policy was then matched with a raw credit report snapshot from December of 2000, obtained on a blinded basis. All policyholder identifying information was removed both from the credit report information as well as Allstate's Policy History File.

Credit information was summarized on an individual level, and then one report per policy was randomly selected between the named insured and the spouse if applicable on the policy. Since our algorithm is designed to use credit report attributes as independent variables for consideration in a predictive model, records for which no credit information was available, or which consisted of only inquiry information, were not suitable for model building. For standard private passenger automobile, the percentage of records for which the vendor could not find matching credit information was approximately 25%. For homeowners, the percentage was approximately 17%. We believe the exclusion of these records will not introduce any significant bias, as the remaining records are representative of those whose credit reports will be scored by our insurance scoring model in the normal course of business.

In June of 2004, a change was brought about by the passage of the federal FACT Act, which limited the ability of credit reporting agencies to report medically related information to third parties. As a result, more information can now be identified as medically related, which is significant because Allstate's insurance scoring algorithms have been created to exclude information that is identified as being medically related. Since the archived credit reports obtained for the purposes of building the ISM7 Model contained credit snapshots from prior to the time this change was made, we adjusted the credit report information to exclude medically related items, so that the credit report information used for model building purposes would be consistent with the information to which the model would be applied prospectively.

In addition, we made the following adjustments to the loss experience data. For homeowners insurance, we removed all losses related to catastrophes from the data used to develop our scoring algorithm. This will minimize the chance that significant catastrophe related events could have undue influence on the selection of variables used in the scoring algorithm. For similar reasons, we also capped any loss amounts more than three times greater than the dwelling coverage limit for the policy. All losses were also adjusted to a common deductible level. For the standard automobile insurance data, any losses exceeding \$100,000 in a given year for an individual automobile were capped. This cap was applied to each individual coverage.

Dependent Variable

Our goal in developing this model was to capture the predictive power of credit report variables above and beyond those other factors already known to influence the cost of insurance. Additionally, since Allstate used insurance scoring in its premium determination process in many states during 2001 and 2002, the premiums captured on our analysis files reflect differences in premiums charged to our customers based upon information contained in their credit reports.

To address these two issues, we developed as our dependent variable a theoretical loss ratio, which would account for the effects of other variables, other than those related to credit history. In order to accomplish this we began by using capped pure premium information at the coverage and policy level. We then performed a multivariate analysis, using Bailey's minimum bias procedure, to develop indicated rating factors for the variables other than credit history. The pure premium for each policy was then adjusted based upon these indicated factors. The pure premiums were further adjusted by a theoretical base rate for each respective coverage, allowing the loss experience to be aggregated across all coverages. The end result was a theoretical loss ratio; that is, the loss ratio that would have resulted had credit information not been used and all other plans were reflected in the premium based upon the indicated factors developed from the multivariate analysis. This theoretical loss ratio was used as the dependent variable for purposes of building the ISM7 Model.

In the creation of the ISM7 Model, the private passenger automobile data utilized was broken up into three distinct segments. We used 40% of the data to perform the multivariate analysis described above for purposes of developing indicated rating factors used in the creation of the dependent variable (this included information from over 2 million policies). Data from over 2 million policies, or 40% of the data, was used for purposes of building the model, and the remaining 20% of the data was maintained as a holdout sample, so that the model could be validated on a data set independent from the data upon which the model was built. In the creation of the dependent variable, there were various states for which the data was unable to be combined easily into a countrywide analysis, generally as the result of unique rating classifications. As a result, data from CA, HI, MI, NC, NJ and TX were not included.

Over 5 million homeowner policies records were available for analysis. All homeowner policy records were used in the multivariate analysis that was used to create the dependent variable for the homeowners data. The data was split into a development sample, used in the process of model variable identification, and a holdout sample. The development sample included 2/3 of the data or approximately 3.3 million policy records, while the remaining 1/3 was used as a holdout sample (1.7 million records). For homeowners, the states of CT, ME, NH, NJ, RI, TX and VT were not included in the data used for model building and analysis.

Analysis and Model Building

The ISM7 model was designed with the goal of creating a single model that would accurately predict insurance loss potential for both automobile and homeowners insurance. Initially we began with our standard private passenger automobile data, and several phases of initial exploratory analysis were conducted. The first step of the model building process was to reduce the list of potential candidate variables to a more reasonable, heterogeneous set of predictor variables. This included univariate analyses, to insure that only variables shown to be predictive of insurance losses were being considered as potential candidates for the model. Variables were also carefully studied for potential changes in value over time, and variables which demonstrated a higher level of stability were given preference in the building of the model. Also a clustering procedure was used to find groups of similar, correlated variables. This procedure finds clusters of variables that are highly correlated with each other and as uncorrelated as possible with variables in other clusters. Based upon the results of this analysis we judgmentally selected candidate variables that were not highly correlated with one another and which would minimize any estimation problems associated with multicollinearity.

The next step involved a stepwise regression procedure to identify the candidate variables that were most significant in predicting the dependent variable. An additional procedure called CVT (Continuous Variable Transform), which was developed internally at our Allstate Research and Planning Center, was also applied. This technique performs a stepwise, residual based selection, and also optimally forms classification groupings for each variable. This procedure not only aids in the selection of model variables, but also provides information on the optimal classification of each variable's values, and appropriate values for capping.

Once initial model variables were identified based upon a review of our standard private passenger automobile information, a similar process was completed using loss information for our homeowners line of business. In this way the final model variables were defined based upon the analysis of both automobile and homeowners data. All the variables included in the ISM7 Model were found to be statistically significant in the stepwise regression procedure at a significance level of 0.2 for our standard automobile analysis.

In order to allow more flexibility in the model building process, it was decided to use least squares regression to fit the final model. This allowed us to test several combinations of variables along with possible variable interactions. While the parameters of the model were fitted using the dependent variable created based upon private passenger automobile data, model results were validated based upon a holdout sample of information for both standard automobile data as well as homeowners data. Thus several iterations of the model were reviewed in order to identify a final model which would most effectively predict loss experience for both automobile and homeowners data.

Legal Considerations

Over the past few years, various states have passed laws or developed regulations affecting the use of credit information, and many of these laws and regulations have placed restrictions on the use of certain information in the development of insurance scoring models. While there are many unique provisions that vary from state to state, there are some restrictions that are common across several states. Provided below is specific information as to how the ISM7 Model has been designed to assure compliance with some of the more common prohibitions. (Note this is not intended to be a comprehensive list of all prohibitions, and Allstate's models and our procedures in all states are designed to comply with all applicable laws and regulations regarding the use of credit information).

Use of income, gender, address, zip code, ethnic group, race, religion, color, sex, marital status, disability, national origin or ancestry of the consumer

These items are not, nor have they ever been, included in any of Allstate's insurance scoring models and none of these factors were considered in the development of our ISM7 Model.

Items in dispute

A thorough analysis of all remark codes that may appear on a credit report was conducted to identify those that indicate that a particular account is the subject of a dispute. Any items coded as being the subject of a dispute are not considered in the calculation of any derogatory variables. In other words, any item that is coded as being in dispute will not negatively affect the calculation of the insurance score. Other codes, such as those that show a credit card is lost or stolen, or that the ownership of an account is in dispute, are excluded from consideration as well.

Collection accounts with a medical industry code

In determining the number of collections on a credit report, the ISM7 Model will exclude collections that are designated as medically related. A collection item may be designated as medically related in one of two ways. If there is a code that shows the type of the loan associated with the collection to be medically related, then this collection will not be considered. In addition, the Collection Agency Name or Creditor's Name field for a particular collection may be returned with the word MEDICAL if Trans Union has determined that the information originally contained in these fields was medical in nature. If the word MEDICAL appears in either of these fields for a particular collection account, this collection will not be considered in the calculation of a score.

Additionally, the ISM7 Model not only excludes medically related collection accounts, but any type of account, inquiry or public record that is coded as medically related is excluded from consideration by the model.

Multiple lender inquiries made within thirty days of one another.

Certain state laws require special consideration for multiple lender inquiries from the home mortgage industry or the automobile lending industry, when such inquiries are made within thirty days of one another. The ISM7 model does not consider auto inquiries in the calculation of a score. Bank inquiries are considered as a part of the variable **Number of bank inquiries in the past 2 years**, and bank inquiries are often related to home mortgage accounts. In the calculation of this variable, bank inquiries are grouped by three-month intervals for the 24 months of inquiry information available on the credit report. For each three month time period, beginning with the most recent three months, at most one bank inquiry will be considered. In calculating the total number of bank inquiries to consider, each three-month interval is searched for the presence of a bank inquiry. If a bank inquiry is present, one inquiry is added to the count, and the next three-month interval is skipped from consideration. The entire 24-month history is search in the same manner. As a result of the way in which this variable is calculated, at most four bank inquiries will be considered, and all bank inquiries considered will be a minimum of 90 days apart.

Total available line of credit

The ISM7 Model does not consider the amount of available credit either with respect to a specific trade account or across a group of trade accounts. While we do consider the balance of particular trade account in the calculation of the **Number of open revolving accounts > 75% of high credit amount**, the balance is only considered as a percentage of the highest balance ever accumulated on that trade account. The balance and the high credit amount are only considered in relationship to one another and are considered as a percentage. Thus, a balance of \$500 relative to a high credit amount of \$1,000 would be considered the same as a balance of \$2,000 relative to a high credit amount of \$4,000. The absolute credit limit is not considered in the calculation of this ratio.

Model Results and Validation

The scorecard contained in this package shows the specific variables and the corresponding weights used in the ISM7 model. These weights were taken directly from the multiple regression procedure used to develop the model, and then were multiplied by a factor of 600 so that the score ranges resulting from the application of the model would be similar to those produced by other insurance scoring models we have developed. Our model was constructed so that a lower risk of loss would be associated with a lower overall score, and higher scores are associated with a higher likelihood of insurance losses.

Model Variable Statistics

Exhibits 1a & 1b, show the results from the preliminary stepwise analysis, including the C(p) statistic and significance level of entry for each variable included in our model. A significance level of 0.2 was used to evaluate candidate variables for the model, and all variables included in the ISM7 Model were significant at this level in the standard auto analysis. For the homeowners analysis, the same set of variables typically showed a high level of significance as well (although not all variables were significant at the 0.2 level). As a result, we concluded we could use this set of variables to create a single insurance scoring model that would allow us to predict loss potential for both automobile and homeowners insurance.

While a specific coefficient is associated with each variable used in our insurance scoring model, these numbers would not be considered as a weight that could be used to determine the “order of importance” of the variables in the insurance scoring model. In fact there is no single agreed on procedure for determining the importance of each model variable. One statistic that can be used to estimate the relative contribution of each variable in the model would be the partial percent contribution, which indicates the extent to which the R-squared in the regression model would decrease if the variable were removed. Larger percentages indicate variables that are statistically significant and contribute strongly to the model even after all other variables are accounted for. The calculation of partial contribution for the variables included in the ISM7 Model is shown on Exhibit 2.

Overall Model Results

Exhibit 3a shows the performance of the ISM7 Model on the standard automobile holdout sample. The policies in this data set were placed in deciles (ten groups of equal size) based upon the score generated by the ISM7 Model. The first decile then represents the 10% portion of the policies with the lowest scores. The validation results clearly demonstrate the ability of the model to segment the population into groups of customers with distinctly different loss potential based on relevant risk characteristics. In fact, those in the tenth decile have a loss ratio relativity almost 57% higher than the loss ratio

relativity for the policies in the first decile. The results for homeowners insurance, shown on Exhibit 3b, demonstrate an even larger difference as the loss ratio relativity of the highest decile is 177% higher than the loss ratio relativity of the lowest decile.

Univariate Results

In addition to the overall model performance, results are also shown for each of the variables used in the model on a univariate basis. Standard automobile data is shown in Exhibit 4a and homeowners data is provided in Exhibit 4b. For each variable, loss ratio relativities are shown for relevant values of the variable, as well as the corresponding average score for those policies with that particular characteristic. This data further demonstrates that the variables considered by the ISM7 model have predictive power in identifying expected cost differences, and that the scores produced by the model show a pattern consistent with the univariate loss ratio results for each variable.

Additional Validation Results

Exhibit 5a and 5b contain validation results broken out separately by frequency and severity of loss. These results are based upon combined data from the holdout sample as well as the data used to build the model. For standard automobile, frequency and severity results have been combined across the four coverages included in the data set (bodily injury, property damage, collision and comprehensive). Frequency counts each claim by coverage as a separate claim and divides this number by the actual exposures for all four coverages combined. Severity is calculated by taking the total amount incurred across all four coverages, and dividing by the total number of claims, counting each claim by coverage as a separate claim. The homeowners data set does not include any losses related to catastrophe events. Consistent with other studies that have been done, the standard automobile data shows that the predictive nature of credit information is predominately found in the ability to segment risks based upon the frequency of loss. For homeowners insurance, the scoring model shows a strong relationship to both frequency and severity of losses.

Finally, standard automobile information by coverage is shown on Exhibit 6. This exhibit shows the ISM7 Model to be a valid predictor of loss potential for each of the major coverages.

Adverse Action Reasons

When the ISM7 Model calculates a score that does not fall into the range of scores corresponding to the most favorable group, it also determines the most significant credit report attributes resulting in that higher score. This is done for each individual credit report used in calculating the ISM7 policy score, by comparing the points assigned for each specific variable in the model to the average number of points that are assigned to the group receiving the very best scores. The difference is then used to rank each variable in the order that it contributed to a higher score. Up to four reasons are recorded; however, only those variables for which the consumer's assigned points exceeded the average points of those with the very best scores would be considered as a potential adverse action reason. When two credit reports are used to arrive at a policy score, the reasons associated with the credit report which generated the higher score are reported as the adverse action reasons for the policy.

For each variable considered in the model a specific adverse action reason may be generated. We have examined standardized credit explanations provided by other modelers, including a consumer reporting agency and a third-party modeler, and have found that our reasons provide similar or more information to the reasons used by these other modelers.

The following is a list of potential reasons that may be used in connection with the ISM7 Model.

- The number of revolving accounts opened in the last two years: A revolving account is one in which you have the option to pay the balance off each month, or carry part of the balance over to the next month. Generally, if you have not opened a revolving account in the past two years, you may receive a more favorable insurance score. Please note that we do not consider car loans and/or mortgage-related accounts when determining the number of recently opened accounts.
- The number of installment accounts opened in the last two years: An installment account is an account with a fixed payment amount for the duration of the payment period. Generally, if you have not opened any installment accounts in the past two years, you may receive a more favorable insurance score.
- The number of revolving accounts that are currently between 60 and 120 days past due: A revolving account is one in which you have the option to pay the balance off each month, or carry part of the balance over to the next month. Generally, if you do not have any revolving accounts that are 60 days or more past due, you may receive a more favorable insurance score.
- The presence of a severely derogatory account within the past five years: A delinquent account is considered severely derogatory if it results in a repossession, a collection, or the account being charged off as a bad debt. Avoiding future delinquencies may lead to a more favorable insurance score.
- The presence of a collection within the past five years: When we refer to a "collection," this could include collections that were previously paid off or

collections on closed accounts. We exclude medical collections that are identified as such. Those with the most favorable insurance scores will typically have no collections on their credit report. Avoiding future collections may lead to a more favorable insurance score.

- The presence of at least one customer-initiated, bank-related inquiry on your credit report in the past two years: Inquiries appear on your credit report to show that credit grantors or other authorized parties have requested a copy of your credit report. Please note that we only consider customer-initiated inquiries, and we consider no more than one customer-initiated, bank-related inquiry during any 90-day period. Generally, fewer customer-initiated credit inquiries may lead to a more favorable insurance score.
- The presence of a derogatory item within the past five years: A derogatory item may include a delinquency, a collection, or a derogatory public record, such as a bankruptcy, judgment, lien, repossession, or foreclosure. Avoiding derogatory items in the future may lead to a more favorable insurance score.
- The presence of two or fewer accounts within the past five years: Generally, if you have three or more accounts on your credit report, you may receive a more favorable insurance score. However, having too many accounts may also adversely affect an insurance score.
- The number of accounts you have had open over the past five years: Generally, if you have fewer than 22 accounts on your credit report, you may receive a more favorable insurance score. According to your credit history, you have held 22 or more accounts within the past five years. Please note that even if an account is currently closed, we will still consider it if it was an open account during the past five years. Closing accounts will not necessarily improve an insurance score.
- The number of payments that were 30 days late in the past year: We consider payments that were 30 days late to be delinquencies. Even if the delinquency was later paid off, or if it is on an account that has since been closed, we still consider the delinquency when determining an insurance score. Generally, the more delinquencies you have on your credit report, the greater the effect it will have on your insurance score. Avoiding future delinquencies may benefit your insurance score.
- The number of open revolving accounts where the current balance you owe is greater than 75 percent of the largest balance you have owed for that account: Please note that this is not the limit available on the account, but rather the highest outstanding balance you have ever carried on that account. A revolving account is one in which you have the option to pay the balance off each month or carry part of the balance over to the next month. Generally, lowering the balances on revolving accounts with a large balance may lead to a more favorable insurance score.
- The presence of a derogatory public record item: A derogatory public record item could be a bankruptcy, judgment, lien, repossession or foreclosure from the last five years on your credit report. These types of public record items will have an adverse effect on an insurance score. This is true even if you subsequently satisfied the public record item. Avoiding future public record items may lead to a more favorable insurance score.

- The number of months since the most recent derogatory public record: A derogatory public record item, which includes items such as a bankruptcy, judgment, lien, repossession or foreclosure, will have an adverse effect on an insurance score. The more recent the public record, the more adverse the impact may be on an insurance score. This is true even if you subsequently satisfied the public record item. Avoiding future derogatory public record items may lead to a more favorable insurance score.
- The average number of months that accounts are listed on the credit report: Generally, the longer your average age of accounts, the more favorable your insurance score will be. Those with the most favorable insurance scores often have an average age of accounts of 14 years or longer.
- The number of months since the most recent delinquent payment: A delinquent payment is one made over 30 days late. Delinquent payments within the past five years may have an adverse effect on an insurance score and the more recent the delinquency, the greater the adverse effect. Please note that over time the impact of this type of delinquency on your insurance score will decrease and even disappear if there are no new delinquencies. Avoiding future delinquencies may benefit your insurance score.
- The number of months since the most recent customer-initiated bank or credit card inquiry on the credit report: The presence of customer-initiated bank or credit card inquiries on a credit report can adversely impact an insurance score. Inquiries appear on your credit report to show that credit grantors or other authorized parties have requested a copy of your credit report. The more recent the inquiry, the greater the effect it will have on your score. Please note that we only consider customer-initiated inquiries, and we will consider no more than one customer-initiated, bank-related inquiry during any 90-day period. Generally, fewer customer-initiated credit card inquiries may lead to a more favorable insurance score.
- The amount of currently past due items: The presence of currently past due items on a credit report can have an adverse effect on your insurance score. The higher the amount past due, the greater the adverse effect may be. Reducing and eliminating past due amounts may lead to a more favorable insurance score. Those with the most favorable insurance scores will typically have no accounts with past due items.
- The percentage of active accounts with positive balances: While it is expected that a number of an individual's active accounts will have a balance, the fewer accounts carrying a balance, the more favorable an insurance score may be. Please note that paying off some accounts may lead to a more favorable insurance score.
- The number of recent customer-initiated, credit card inquiries on the credit report: Please note that we only consider customer-initiated inquiries within the last two years. Inquiries appear on your credit report to show that credit grantors or other authorized parties have requested a copy of your credit report. The greater the number of customer-initiated credit card inquiries, the greater the adverse effect on your insurance score. Generally, fewer credit card account requests may lead to a more favorable insurance score.

STANDARD AUTO
Order of Significance Level of Entry
as Determined by Stepwise Regression Procedure
(Significance Level of Entry and Exit = 0.2)

The variables were entered in the following order. None were removed at a later stage of the stepwise regression.

<u>Step</u>	<u>Variable Entered</u>	<u>C(p)</u>	<u>F-Value</u>	<u>Pr > F</u>
1	Months since the most recent delinquency	1163.03	1974.95	<.0001
2	Number of bank inquiries in the past 2 years (considers no more than one bank inquiry within a 90-day period)	692.39	472.58	<.0001
3	Number of credit card inquiries	503.18	191.18	<.0001
4	Number of collections in the past 5 years	364.89	140.29	<.0001
5	Average number of months trades on file (excl auto and mortgage related trades)	287.82	79.06	<.0001
6	Presence of a derogatory item in the past 5 years (other than one 30-day late payment)	211.69	78.13	<.0001
7	Number of open revolving trades >75% of high credit amount	157.29	56.39	<.0001
8	Number of derogatory public records in the past 5 years	111.16	48.13	<.0001
9	Revolving trades currently 60 to 120 days past due	78.20	34.95	<.0001
10	Presence of a severely derogatory trade in the past 5 years	63.81	16.40	<.0001
11	Percent of active trades with a positive balance	52.17	13.63	0.0002
12	Installment trades opened in the Past 2 Years (excl auto and mortgage related trades)	42.88	11.29	0.0008
13	Months since the most recent derogatory public record	35.72	9.16	0.0025
14	Amount currently past due	30.58	7.14	0.0075
15	Months since the most recent bank or credit card inquiry	27.71	4.88	0.0272
16	Revolving trades opened in the Past 2 Years (excl auto and mortgage related trades)	25.85	3.85	0.0497
17	Number of trades in the past 5 years	20.34	7.51	0.0061
18	Number of payments 30 days late in the past year	19.00	3.34	0.0675

Note: No variables were removed by the stepwise procedure (using entry and exit level of significance of 0.2).

HOMEOWNERS
Order of Significance Level of Entry
as Determined by Stepwise Regression Procedure
(Significance Level of Entry and Exit = 0.2)

The variables were entered in the following order. None were removed at a later stage of the stepwise regression.

<u>Step</u>	<u>Variable Entered</u>	<u>C(p)</u>	<u>F-Value</u>	<u>Pr > F</u>
1	Presence of a derogatory item in the past 5 years (other than one 30-day late payment)	858.87	1059.74	<.0001
2	Number of bank inquiries in the past 2 years (considers no more than one bank inquiry within a 90-day period)	494.89	365.94	<.0001
3	Number of collections in the past 5 years	304.74	192.15	<.0001
4	Number of credit card inquiries	200.50	106.23	<.0001
5	Months since the most recent delinquency	128.29	74.21	<.0001
6	Number of derogatory public records in the past 5 years	88.90	41.38	<.0001
7	Average number of months trades on file (excl auto and mortgage related trades)	53.34	37.56	<.0001
8	Revolving trades currently 60 to 120 days past due	30.34	25.01	<.0001
9	Presence of a severely derogatory trade in the past 5 years	22.03	10.30	0.0013
10	Amount currently past due	15.16	8.87	0.0029
11	Installment trades opened in the Past 2 Years (excl auto and mortgage related trades)	12.77	4.39	0.0362
12	Number of trades in the past 5 years	12.01	2.76	0.0966
13	Months since the most recent bank or credit card inquiry	11.65	2.36	0.1242

Variables not entering stepwise regression (using entry and exit level of significance of 0.2)

14	Number of payments 30-days late in the past year
15	Number of open revolving trades >75% of high credit amount
16	Revolving trades opened in the Past 2 Years (excl auto and mortgage related trades)
17	Months since the most recent derogatory public record
18	Percent of active trades with a positive balance

ISM7
Calculation of Percent Partial Contribution

Variable	SE	t-stat	p-value	Type II SS	Partial Contribution
Months since the most recent delinquency	0.0001631	-8.24	<.0001	1107.82	5.14%
Number of trades in the past 5 years =1	0.01414474	5.63	<.0001	516.63	2.40%
Number of trades in the past 5 years = 0	0.02787332	5.29	<.0001	456.11	2.12%
Percent of active trades with a positive balance * Number of credit card inquiries = 5+	0.00033962	4.95	<.0001	399.51	1.85%
Number of collections in the past 5 years	0.00782101	4.16	<.0001	281.68	1.31%
Number of trades in the past 5 years = 2	0.01380146	3.87	0.0001	244.82	1.14%
Presence of a derogatory item in the past 5 years (other than one 30-day late payment)	0.00845179	3.62	0.0003	213.61	0.99%
Revolving trades currently 60 to 120 days past due	0.00814618	3.39	0.0007	187.01	0.87%
Number of bank inquiries in the past 2 years (considers no more than one bank inquiry within a 90-day period)	0.00424507	3.29	0.0010	176.38	0.82%
Revolving trades opened in the Past 2 Years (excl auto and mortgage related trades)	0.00153589	3.27	0.0011	174.34	0.81%
Presence of a severely derogatory trade in the past 5 years	0.00979998	3.08	0.0020	155.00	0.72%
Number of open revolving trades >75% of High Credit Amount = 4+	0.00965193	2.83	0.0047	130.35	0.60%
Months since the most recent bank or credit card inquiry	0.00042734	-2.8	0.0051	127.94	0.59%
Percent of active trades with a positive balance * Number of credit card inquiries = 3 or 4	0.00020008	2.79	0.0053	127.03	0.59%
Number of derogatory public records in the past 5 years	0.008024	2.64	0.0084	113.41	0.53%
Average number of months trades on file (excl auto and mortgage related trades)	0.00005594	-2.56	0.0104	107.08	0.50%
Number of open revolving trades >75% of High Credit Amount = 2 or 3	0.00649437	2.47	0.0137	99.11	0.46%
Percent of active trades with a positive balance * Number of credit card inquiries = 1 or 2	0.00009217	2.42	0.0154	95.68	0.44%
Number of trades in the past 5 years = 22+	0.00749946	2.1	0.0355	72.09	0.33%
Number of payments 30-days late in the past year	0.02369874	2.04	0.0415	67.75	0.31%
Amount currently past due	0.00001842	1.87	0.0617	56.91	0.26%
Months since the most recent derogatory public record = 0-4	0.03976435	1.54	0.1235	38.69	0.18%
Installment trades opened in the Past 2 Years (excl auto and mortgage related trades) = 2 or 3	0.00967442	1.52	0.1293	37.52	0.17%
Installment trades opened in the Past 2 Years (excl auto and mortgage related trades) = 4+	0.02229093	1.48	0.1389	35.71	0.17%

Validation of ISM7 Model Results
Standard Automobile - Holdout Sample
Theoretical Loss Ratio Results by Decile

Decile	Number of Policies	Average Score	Score Relativity	Loss Ratio Relativity
1	109,126	372	87%	81%
2	109,127	379	88%	85%
3	109,126	387	90%	88%
4	109,127	398	93%	88%
5	109,127	410	96%	93%
6	109,126	423	99%	99%
7	109,127	439	102%	107%
8	109,126	459	107%	111%
9	109,127	485	113%	118%
10	109,127	539	126%	127%
Total	1,091,266	429	100%	100%

Validation of ISM7 Model Results
Homeowners - Holdout Sample
Theoretical Loss Ratio Results by Decile

Decile	Number of Policies	Average Score	Score Relativity	Loss Ratio Relativity
1	166,751	371	87%	62%
2	166,752	379	88%	75%
3	166,752	386	90%	77%
4	166,752	397	93%	82%
5	166,752	409	95%	83%
6	166,751	422	98%	89%
7	166,752	438	102%	101%
8	166,752	459	107%	122%
9	166,752	486	113%	133%
10	166,752	542	126%	173%
Grand Total	1,667,518	429	100%	100%

**Validation of ISM7 Model Results
Standard Auto
Univariate Results**

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Presence of a derogatory item in the past 5 years (other than one 30-day late payment)	No	404	94.2%	93.3%
	Yes	487	113.5%	115.6%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Presence of a severely derogatory trade in the past 5 years	No	420	97.9%	97.8%
	Yes	510	118.8%	121.8%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of collections in the past 5 years	0	423	98.6%	98.4%
	1	502	117.1%	125.3%
	2+	536	124.9%	129.5%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Revolving trades currently 60 - 120 days past due	0	424	98.7%	98.7%
	1	515	120.1%	123.0%
	2	551	128.4%	128.5%
	3+	591	137.8%	134.0%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of payments 30-days late in the past year	0-4	428	99.6%	99.7%
	5+	566	131.9%	128.9%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Months since the most recent delinquency	0	528	123.0%	126.5%
	1-24	485	113.1%	115.0%
	24-60	445	103.8%	104.5%
	None	402	93.7%	92.5%
	Total	429	100.0%	100.0%

**Validation of ISM7 Model Results
Standard Auto
Univariate Results**

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of derogatory public records in the past 5 years				
	0	424	98.9%	98.8%
	1	503	117.3%	118.8%
	2	522	121.7%	125.1%
	3+	540	125.7%	127.5%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Months since the most recent derogatory public record				
	5+ months	429	99.9%	99.9%
	0-4 months	570	132.9%	137.4%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Amount currently past due				
	None	421	98.0%	97.8%
	1-100	479	111.7%	115.7%
	101-1000	515	120.0%	121.6%
	>1000	543	126.6%	126.8%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of trades in past 5 years				
	0	487	113.6%	116.9%
	1	441	102.7%	102.9%
	2	430	100.1%	99.7%
	3-21	423	98.5%	98.3%
	22+	464	108.0%	107.5%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of open revolving trades > 75% of high credit amount				
	0-1	419	97.7%	97.2%
	2-3	456	106.3%	107.4%
	4+	476	110.9%	110.3%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Average number of months trades on file (excluding auto and mortgage related trades)				
	0-59	454	105.7%	115.9%
	60-132	428	99.8%	97.5%
	133+	398	92.8%	88.6%
	Total	429	100.0%	100.0%

**Validation of ISM7 Model Results
Standard Auto
Univariate Results**

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Revolving trades opened in the past 2 years (excluding auto and mortgage related trades)				
	0-2	422	98.3%	97.2%
	3-6	448	104.4%	106.8%
	7+	480	111.8%	116.8%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Installment trades opened in the past 2 years (excluding auto and mortgage related trades)				
	0-1	428	99.6%	99.5%
	2-3	476	111.0%	113.9%
	4+	503	117.1%	119.4%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of bank inquiries in the past 2 years (considers no more than one bank inquiry within a 90-day period)				
	0	408	95.1%	93.5%
	1	446	103.9%	104.3%
	2	477	111.1%	114.9%
	3	505	117.7%	123.3%
	4	536	124.8%	128.4%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Percent of active trades with a positive balance				
	0-40	413	96.3%	95.5%
	41-75	420	97.9%	96.5%
	75+	448	104.3%	106.0%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of credit card inquiries				
	0	418	97.4%	96.3%
	1-2	456	106.3%	108.2%
	3-4	501	116.7%	125.7%
	5+	574	133.6%	148.5%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Months since the most recent bank or credit card inquiry				
	0	479	111.6%	116.3%
	1-12	462	107.7%	109.8%
	13-24	436	101.6%	100.5%
	None	404	94.1%	92.4%
	Total	429	100.0%	100.0%

**Validation of ISM7 Model Results
Homeowners
Univariate Results**

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Presence of a derogatory item in the past 5 years (other than one 30-day late payment)	No	403	93.9%	82.1%
	Yes	487	113.7%	138.8%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Presence of a severely derogatory trade in the past 5 years	No	420	97.9%	93.6%
	Yes	513	119.6%	157.8%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of collections in the past 5 years	0	422	98.5%	94.4%
	1	504	117.4%	161.8%
	2+	541	126.2%	198.5%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Revolving trades currently 60 - 120 days past due	0	423	98.7%	96.5%
	1	518	120.7%	156.2%
	2	555	129.5%	191.7%
	3+	595	138.8%	175.6%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of payments 30-days late in the past year	0-4	427	99.6%	99.1%
	5+	567	132.3%	168.5%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Months since the most recent delinquency	0	529	123.4%	165.8%
	1-24	482	112.4%	131.9%
	24-60	439	102.4%	108.0%
	None	400	93.3%	81.3%
	Total	429	100.0%	100.0%

Validation of ISM7 Model Results
Homeowners
Univariate Results

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of derogatory public records in the past 5 years	0	424	98.8%	95.9%
	1	506	118.0%	163.3%
	2	526	122.6%	166.9%
	3+	545	127.1%	171.3%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Months since the most recent derogatory public record	5+ months	428	99.8%	99.7%
	0-4 months	575	134.0%	175.5%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Amount currently past due	None	419	97.8%	93.9%
	1-100	478	111.5%	133.8%
	101-1000	514	119.9%	152.0%
	>1000	544	126.9%	171.4%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of trades in past 5 years	0	484	112.8%	122.7%
	1	438	102.2%	87.9%
	2	427	99.5%	91.2%
	3-21	422	98.4%	96.8%
	22+	462	107.8%	118.6%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of open revolving trades > 75% of high credit amount	0-1	418	97.5%	94.3%
	2-3	457	106.6%	116.4%
	4+	478	111.4%	121.7%
	Total	429	100.0%	100.0%
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Average number of months trades on file (excluding auto and mortgage related trades)	0-59	457	106.7%	127.3%
	60-132	429	100.0%	100.0%
	133+	399	93.0%	74.8%
	Total	429	100.0%	100.0%

**Validation of ISM7 Model Results
Homeowners
Univariate Results**

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Revolving trades opened in the past 2 years (excluding auto and mortgage related trades)				
	0-2	421	98.2%	95.5%
	3-6	448	104.5%	111.8%
	7+	481	112.1%	130.2%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Installment trades opened in the past 2 years (excluding auto and mortgage related trades)				
	0-1	427	99.6%	98.9%
	2-3	480	112.0%	136.4%
	4+	508	118.4%	158.1%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of bank inquiries in the past 2 years (considers no more than one bank inquiry within a 90-day period)				
	0	408	95.2%	85.6%
	1	447	104.4%	110.3%
	2	479	111.7%	135.6%
	3	508	118.5%	174.6%
	4	539	125.7%	197.1%
	Total	429	100.0%	100.0%

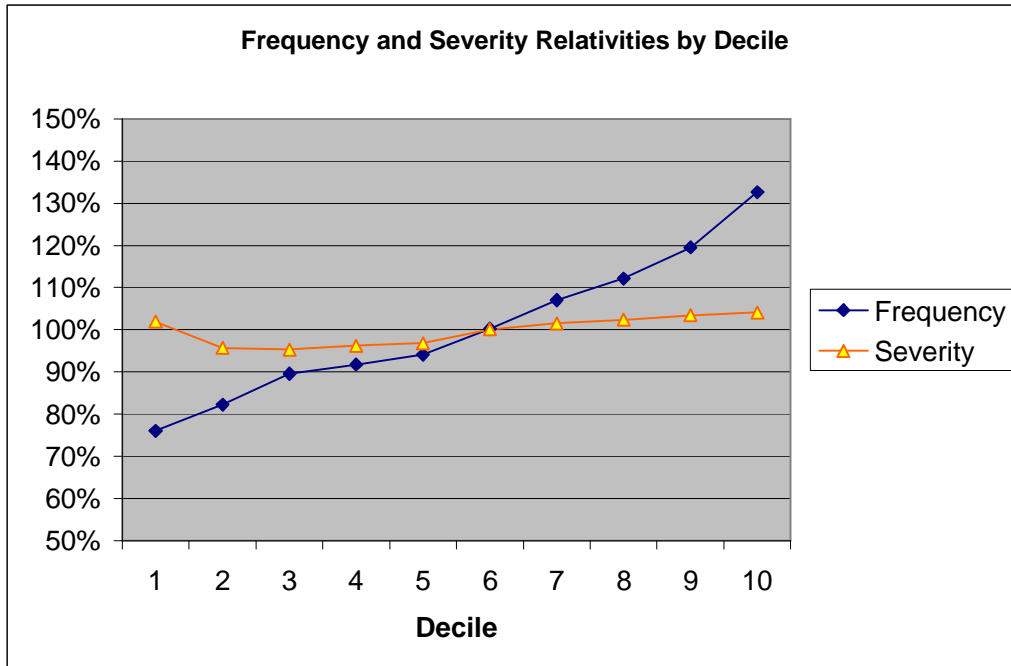
<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Percent of active trades with a positive balance				
	0-40	410	95.7%	88.1%
	41-75	420	97.8%	91.5%
	75+	448	104.5%	115.2%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Number of credit card inquiries				
	0	418	97.4%	92.1%
	1-2	457	106.6%	118.2%
	3-4	505	117.7%	166.7%
	5+	582	135.7%	220.0%
	Total	429	100.0%	100.0%

<u>Variable</u>	Value	Avg Score	Score Relativity	Loss Ratio Relativity
Months since the most recent bank or credit card inquiry				
	0	480	112.0%	148.0%
	1-12	463	108.0%	121.8%
	13-24	437	102.0%	104.7%
	None	403	94.1%	83.2%
	Total	429	100.0%	100.0%

ISM7 Model Results
Standard Auto Results by Frequency and Severity

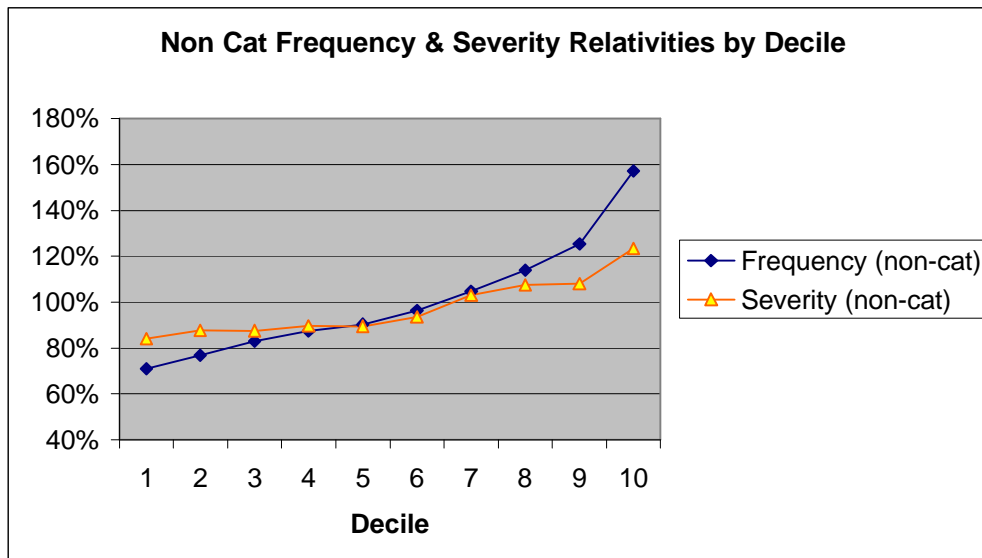
Decile	Number of Policies	Average Score	Score Relativity	All coverage Frequency Relativity	All coverage Severity Relativity
1	544,442	372	87%	76%	102%
2	544,443	379	88%	82%	96%
3	544,442	387	90%	90%	95%
4	544,443	398	93%	92%	96%
5	544,442	410	96%	94%	97%
6	544,443	423	99%	100%	100%
7	544,442	439	102%	107%	101%
8	544,443	459	107%	112%	102%
9	544,442	485	113%	120%	103%
10	544,443	539	126%	133%	104%
Total	5,444,425	429	100%	100%	100%



ISM7 Model Results

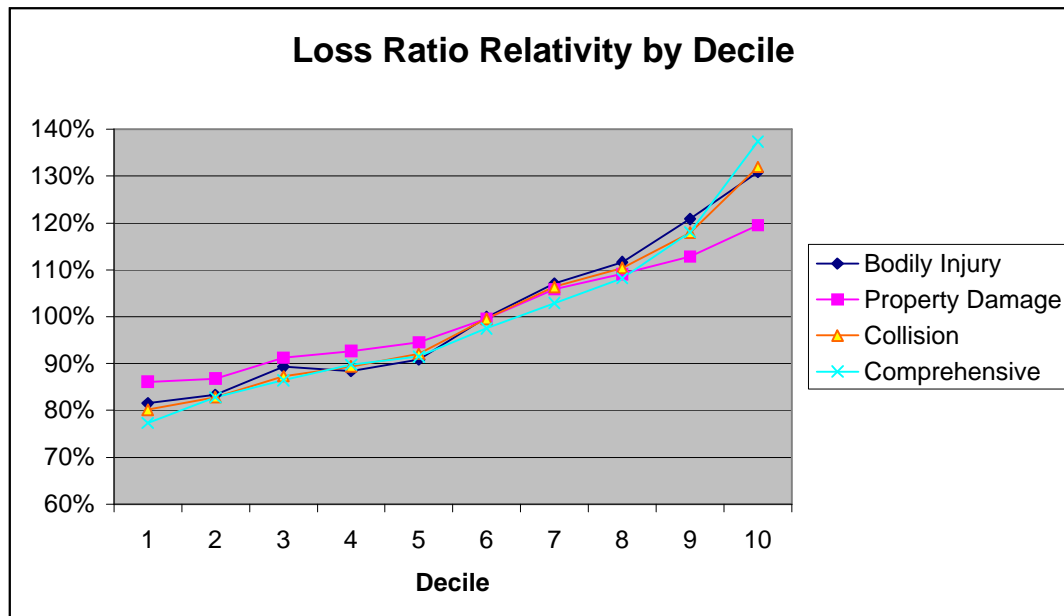
Homeowners Results by Frequency and Severity (non- cat)

Decile	Number of Policies	Average Score	Score Relativity	Non-Cat Frequency Relativity	Non-Cat Severity Relativity
1	500,614	371	87%	71%	84%
2	500,614	379	88%	77%	88%
3	500,614	386	90%	83%	88%
4	500,615	397	93%	87%	90%
5	500,614	409	95%	90%	89%
6	500,614	422	98%	96%	94%
7	500,615	438	102%	105%	103%
8	500,614	459	107%	114%	108%
9	500,614	486	113%	125%	108%
10	500,615	542	126%	157%	124%
Total	5,006,143	429	100%	100%	100%



ISM7 Model Results
Standard Auto Results by Coverage

Decile	Number of Policies	Average Score	Score Relativity	Bodily Injury Loss Ratio Relativity	Property Damage Loss Ratio Relativity	Collision Loss Ratio Relativity	Comprehensive Loss Ratio Relativity
1	544,442	372	87%	82%	86%	80%	77%
2	544,443	379	88%	83%	87%	83%	83%
3	544,442	387	90%	89%	91%	87%	86%
4	544,443	398	93%	88%	93%	89%	90%
5	544,442	410	96%	91%	95%	92%	92%
6	544,443	423	99%	100%	100%	100%	97%
7	544,442	439	102%	107%	106%	106%	103%
8	544,443	459	107%	112%	109%	110%	108%
9	544,442	485	113%	121%	113%	118%	118%
10	544,443	539	126%	131%	120%	132%	137%
Total	5,444,425	429	100%	100%	100%	100%	100%



**ALLSTATE PROPERTY & CASUALTY INSURANCE COMPANY
PRIVATE PASSENGER AUTO
ARKANSAS**

Response to letter dated August 21, 2008 regarding Filing #R20325

1. In reference to Page 5 of the model, please explain what constitutes a derogatory record. Is it more than one record from one reporting entity or can it be from more than one report?

The variable **Number of derogatory public records in the past 5 years** is determined strictly from the information found on an individuals credit report that is ordered from Trans Union (Trans Union is the sole source of credit reports information used by Allstate in conjunction with it's insurance scoring algorithm). On the credit report, there is a separate section (separate from the reporting of trade account information), that identifies public record items related to bankruptcies, judgments and lien. It is the number of these items that is considered in the calculation of the insurance score with regard to this particular variable.

2. Please explain how the amount currently past due pertains to the evaluation of the risk. How do you define past due apart from the actual creditor's decision an account is past due? Is this not sufficiently covered by the several derogatory and past due account elements?

The determination that an amount is past due it based on the information reported to the Credit Reporting agency that the current status of an account is a minimum of at least 30 days past due. While other variables in the model also consider the information related to delinquencies, this variable adds unique information in that it evaluates not just the presence of a delinquency, but the amount delinquent as well.

It is important to note that the techniques used to select the variables to be used in the model both evaluated the presence of correlations among candidate variables and also evaluated which variable added predictive power through a stepwise procedure. Also because the weights were determined through a least square regression, the final model coefficients appropriately recognizing any overlapping information that remains among the final variables used in the model. For more detail on the process please refer to page 10 of the document entitled ISM7- Model Development Overview & Final Model Results.

3. On Page 6: Number of open revolving trades >75% - please review the narrative which mentions a ratio of high credit used to current balance in one place then mentions balance to high credit available in both the title and the end of the narrative. Please clarify and advise why it is important.

The term high credit amount on a credit report is used to refer to the highest balance ever recorded for that particular account. So for each open revolving trade the ratio of the current balance to the high credit amount (the highest balance ever accumulated on the account) is calculated. Then the number of accounts where this ratio exceeds 75% is totaled to arrive at the value for this particular variable. An exception is made that the high credit amount is set to a minimum of \$500. This would prevent situations where a current balance and high credit amount of \$50 would generate a ratio of 100% and be included in the count.

4. Please advise how this model differs from the current model.

In the development of the ISM7 model, we did not begin with any existing model from which modifications were made. Rather the development of the model was a complete new undertaking, including a review of potential candidate variables, variable definitions and potential research techniques. This model considers additional categories of information beyond what is used in our current algorithm (OFS), and also uses these variables to generate a specific score, rather than just broad categories. It is an entirely different model.

5. Please refer to Ark. Code Ann. 23-67-209(a) and provide Arkansas data for the last five years.

Allstate does not believe that developing a model based on data from a single state is appropriate; thus, the model is based on countrywide information.

**ALLSTATE INDEMNITY COMPANY
PRIVATE PASSENGER AUTO
ARKANSAS**

Response to letter dated September 2, 2008 regarding Filing #R20325

1. **This will acknowledge receipt of the captioned filing. Your response has been reviewed by our Director. He advises that Arkansas data should be presented or you must advise why it is not credible. Please feel free to contact me if you have any questions.**

As requested, please find attached below a summary of Arkansas specific data which has been used to validate the proposed ISM7 insurance scoring model. These Arkansas policies were divided into 5 equally sized groups (quintiles) based upon the insurance score generated from this model. For example, the first quintile represents the 20% portion of the policies with the lowest insurance scores. The results below illustrates that this model is quite predictive of insurance losses in the state of Arkansas.

**Validation of ISM7 Model Results
Standard Automobile - Holdout Sample
Theoretical Loss Ratio Results by Decile
Arkansas**

Quintile	Number of Policies	Average Score	Loss Ratio Relativity
1	1,401	376	76%
2	1,401	388	84%
3	1,401	411	95%
4	1,401	438	110%
5	1,402	492	132%
Total	7,006	421	100%

One of the major reasons why this model is very predictive is that it was developed and validated using data associated with over 5,000,000 policies countrywide. The process of developing insurance scoring models is very data intensive, as the goal of an insurance scoring model is to identify the best way to combine the information provided on a credit report into a risk segmentation tool

that classifies applicants and policyholders based on their likelihood for insurance losses. The number of ways that information can be combined from a credit report is enormous. There were nearly 200 candidate variables considered in the development of our insurance scoring model, and because most policies do not have a claim in any particular policy period, a large number of policies is needed to more accurately identify the combinations of credit report characteristics that best predict insurance losses. In fact, close to 40 years of Arkansas data would be needed to replicate the number of policies used to develop and validate the model. Therefore, in order to develop an actuarially appropriate and credible insurance scoring model, Arkansas specific data cannot be used.